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NEWS SUMMARY

GENERAL

Iran in big U.K. arms deals

Britain and Iran are at an advanced stage in negotiating the conclusion of a number of arms and defence contracts worth about \$350m.

The deals include the provision of four supply vessels worth \$30m, for the Iranian Navy from Yarrow Shipbuilders and the establishment of an \$50m. base workshop for tanks by Millbank Technical Services.

British Leyland is negotiating the sale of up to 1,000 tank transporters worth about £100,000 each, dovetailing with the continuing supply of Chieftain tanks. Page 7. Political dissent in Iran. Page 6

BUSINESS

New rise in gilts; equities up 3.6

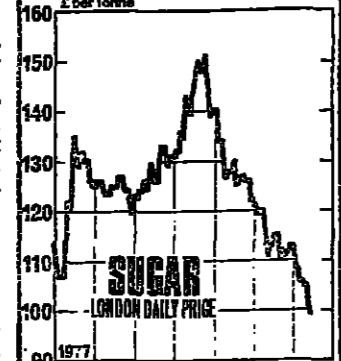
GILTS made further gains as optimism about the economy encouraged some buying. The FT Government Securities Index rose 0.34 to 67.75.

EQUITIES also advanced, closing at or near the day's best. The FT 30-Share Index rose 3.6 to 449.9 for a two-day increase of 10.1.

STERLING gained 6 points against the dollar to close at \$1.7908, but its trade-weighted index was unchanged at 61. Dollar was generally weaker, its trade-weighted depreciation widening to 1.68 (1.62) per cent.

GOLD rose \$1.50 to \$143.375.

SUGAR price fell to \$99 a tonne in London—the first time



Scarman visits Grunwick works

Lord Justice Scarman who heard the court of inquiry into the Grunwick dispute, visited the north London factory to see working conditions. Principal members of the Union of Post Office Workers have largely lifted ban on handling Grunwick mail. Page 18

Begin peace plan for Carter

Concessions which Israel is prepared to make in exchange for a full peace agreement with the Arabs will be part of a peace package which Mr. Menzies, Foreign Minister, is to present to Mr. Carter when he visits U.S. President in Washington next week. Page 6. U.S. foreign aid. Page 20

India to pass emergency law

The Indian Government has decided to delete the article in the Constitution which enables it to proclaim a state of emergency. Parliament was told in New Delhi.

Terrorist held

A man, described by Swedish police as having a leading position with the Japanese Red Army and as intending terrorist activities, was arrested in Stockholm. A meeting ended. Back Page

Factory blast

A woman was killed and seven others injured when a carrying liquid ammonia exploded at a food freezer factory at Thornaby, near York.

Abies fine

The British Airways Board was fined £150 with £50 costs at a court after admitting landing a miniature pod on a flight from Newcastle to help find funds for boys clubs in the north-east.

Defly...

Four in four leading Australian newspapers that Sir John Gorton, the controversial Governor-General had resigned, were said at Government House.

Abies fine

A man, described as a financial adviser, is to appear at Bow Street today charged with allegedly obtaining promissory notes to the value of \$275m. from the Soviet General, Touloune.

Abies fine

Mr. Serrette Khama, President of Botswana, 36, arrived in London on adjustments to his heart operation.

Abies fine

Police patrols have returned in Yeovil, Somerset, because of the rising cost of cars.

HEALEY MAY EXPLAIN NEW INITIATIVE TO MPs TO-MORROW

Callaghan calls in union leaders over pay plan

BY ALAN PIKE and PETER RIDDELL

The Prime Minister last night called in trade union leaders to Downing Street to spell out the Government's proposals on pay as attempts to negotiate a joint agreement finally ended.

Mr. Len Murray, TUC general secretary, said after the 24-hour meeting that his economic committee would meet, probably next Tuesday, to consider its response to the White Paper. At this stage the TUC did not know the full contents of the paper, and there would be no further comment until the economic committee was able to present a considered view.

Mr. Denis Healey, the Chancellor, is expected to make a statement to the Commons to-morrow morning at the same time as a White Paper is published setting out detailed proposals on pay, prices and tax changes.

No new initiatives are believed to have been taken yesterday, and with the negotiations officially regarded as over, the main aim of the Downing Street talks was consultative, in order to avoid any appearance of a split with the TUC. Mr. Healey had a similar background meeting with the CBI yesterday afternoon. The Government's intentions on the 2p conditional cut in the standard rate of income tax and its reaction to the increase in allowances inserted at the committee stage of the Finance Bill will not be made known until to-morrow.

It is increasingly likely that, at most, only a 1p cut in the standard rate will be proposed.

Mr. Callaghan's invitation to the TUC came as members of the TUC economic committee were meeting to review the level of progress made at a meeting with Mr. Denis Healey, the Chancellor, on Tuesday night. Mr. Hugh Scanlon, president of the Amalgamated Union of Engineering Workers, said he left the TUC that recent union conference decisions had made any new agreement with the Government very difficult, while Mr. Frank Chapple, general secretary of the Electrical and Plumbing Trades Union, commented that there was "no

We can face free for all says CBI

By Kenneth Gooding, Industrial Correspondent

COMPANIES were in a better position than for some years to face a free-for-all over pay, Lord Watkinson, president of the Confederation of British Industry maintained last night.

He did not expect there would be one, however. But if it did occur, companies were in a strong negotiating position because of the high level of unemployment, the sluggish growth of the economy and the over-manning in many concerns.

Lord Watkinson was speaking after the CBI had followed a week of intensive lobbying with a formal meeting with Mr. Denis Healey, the Chancellor, which lasted just over half an hour.

The CBI delegation told the Chancellor:

- The total pay bill in the coming year must not exceed 10 per cent—or "any hope of single-figure inflation in 1978 is purely illusory."
- The agreement that 12 months should elapse between pay rises must be made to stick.
- The CBI is extremely concerned that productivity deals might be used to break the 12-month rule. "The history of productivity deals in the U.K. in the past has shown them to be an escape hatch to inflation," Mr. John Methven, director-general, commented.
- If no pay policy is agreed between the Government and the TUC, it would be unjust to enforce the 12-month rule through the operations of the Price Commission.
- There should be no question of companies being refused permission to put up prices because they have had to give way on pay under heavy union pressure.
- The Government had previously said controls on dividends and margins would only operate if there was an agreed pay policy, and those who most needed an increase in net take-home pay were managers and skilled people in industry, and the way to achieve that increase was by the promised 2 per cent. cut in the tax rate.

Apparently the Chancellor listened patiently and did not say much during the meeting. He certainly did not give the CBI delegation any ideas about what would be going into the counter-inflation White Paper promised this week.

Lord Watkinson stressed later that there was no question of the CBI "trying to deliver a pay policy—like we tried to deliver a price policy some time ago." No commitment had been offered to the Chancellor.

Nuclear Board divided on reactor type

BY DAVID FISLOCK, SCIENCE EDITOR

THE National Nuclear Corporation meets to-day to draw up its recommendations to Mr. Anthony Wedgwood Benn, the Energy Secretary, on which nuclear wood Benn might read as the reactor should be chosen for the next phase of nuclear development.

The Board is divided on whether to advise the reactor it believes will provide Britain with the cheapest electricity and the best prospects in the export market, or the one which will be politically most acceptable.

Where it is unanimous, however, is in concluding that the reactor selected by the Government three years ago is a non-starter to-day, because of the excessively high cost of launching any new nuclear system compared with the anticipated demand.

For the past seven months the Nuclear Power Company, executive arm of the NNC, has been comparing three thermal reactors—the steam-generating heavy water reactor (SGHWR), already selected by the Government, the advanced gas-cooled reactor (AGR), and the U.S.-designed pressurised water reactor (PWR).

Its final conclusions, promised by mid-June, have been delayed while Lord Aldington, chairman of the NNC, consulted with the chief executives of each of the design companies affected by the decision.

The technical and economic data gathered in this study has been in the hands of the nuclear division of the Department of Energy for several weeks. The company examined more than 250,000 man-hours of original estimates, the first two standpoints—public safety, are performing well, and industrial exposure of operators to radiation, generating cost, and the build more.

It is believed that the data can be interpreted to show that the British-designed AGR would be more expensive to construct than the U.S.-designed PWR, but preferable on other grounds.

What is less certain is whether the data takes full account of the cost of design modifications that would be required by Britain's nuclear inspectors to adapt the PWR to British conditions of siting.

This question can be answered with confidence only by inviting tenders from industry for a genuine project—something that has not been done for a nuclear station in Britain since 1969-70.

Moreover, the Nuclear Installations Inspectorate has not yet licensed the conditions under which it would be prepared to license the PWR for construction in Britain.

The NNC board is also acutely aware that, in spite of a promise that he would take no decision on thermal reactor choice until he had the results of the company's study, Mr. Wedgwood Benn has let it be known widely—especially in the U.S.—that he expects to decide in favour of the AGR.

Points in favour of the AGR nuclear division of the Department of Energy for several weeks. The company examined more than 250,000 man-hours of original estimates, the first two standpoints—public safety, are performing well, and industrial exposure of operators to radiation, generating cost, and the build more.

Owen will meet Vance for 'urgent' Africa talks

BY OUR FOREIGN STAFF

DR. DAVID OWEN, the Foreign Secretary, will meet Mr. Cyrus Vance, the U.S. Secretary of State, on Saturday week to thrash out the next stage of the Anglo-American initiative on Rhodesia, amid growing pessimism about the peace bid's chances of success.

The Washington meeting is seen in Whitehall as a key step in planning strategy following last week's visit to southern Africa by an Anglo-American negotiating team.

U.S. State Department officials conceded yesterday that there was an element of urgency about the talks, described as "somewhere between ordinary and crisis discussions."

The talks follow a warning by the Salisbury Government that there can be no Rhodesian settlement unless Britain has a "complete change of mind on several fundamental issues."

The talks also come with an increasingly hard-line stance by the Patriotic Front African alliance in Rhodesia. The Patriotic Front and the Rhodesian Government seem further apart than ever before.

Sources in Salisbury suggest that the negotiating climate in last week-end's talks with the Anglo-American envoys worsened on two main issues, insistence by the U.K. and U.S. that the Ambassador to Zambia, appear to have made little progress in their talks in Lusaka with Mr. Joshua Nkomo, co-leader of the Patriotic Front, while sharply differing interpretations have been given of their talks with Mr. Ian Smith.

Mr. Graham said his talks had gone well, while the Rhodesian Government, in a statement on Tuesday, said the position was quite the reverse. Announcing his Washington visit, Mr. Owen said the Rhodesian statement was disappointing and conflicted with the reports he had received from both Mr. Graham and Mr. Low.

Whatever the truth, it is recognised in both London and Washington that the original thrust of Dr. Owen's initiative, to reach agreement on a Rhodesian independence constitution before tackling the difficult question of majority rule, has been blunted.

Mr. Nkomo does not want to discuss a constitution until transitional negotiations have been completed.

A key problem facing Dr. Owen is control of law and order in the interim period. Without a solution to this question, one of the issues which derailed the ill-fated Geneva conference last year, it is difficult to see how substantive progress can be made.

Neither approach appears within the bounds of possibility, given the backing of the Patriotic Front as a whole by both the African "front-line" States ranged against Rhodesia and the OAU.

Mr. Smith may try to move towards a so-called internal settlement with the other two nationalist leaders, Bishop Abel Muzorewa and the Rev. Ndabaningi Sithole, excluding the Patriotic Front.

FEATURES

Zbig's foreign policy advice to Carter	20
Economic viewpoint	21
What not to do about pay	21
Auditors' standards	12
Swedish recession	4
President and unions	5
Shah and human rights	8
FT SURVEY	
Rio de Janeiro	31-34

ON OTHER PAGES

Appointments	2
Appointments Advs.	14-17
Arts	5
Business Oppts.	27
Company News	22-27
Company Reports	2
Economic Indicators	2
Entertainment Guide	17
Finance	17
Foreign Exchange	35
FT-Accounts Index	35
Home Contracts	24-25
Jobs Column	14
Labour News	13
Leading Articles	23
Letters	21
Law	5
Medical Page	18
News and Markets	27
Obituary	27
Overseas News	4-5
Parliament	3
Railway	3
Salaries	2
Share Markets	28-29
Stock Exch. Report	28
The Technical Page	20
Today's Events	2
World News	2
Int. Company News	24-25
Jobs Column	14
Labour News	13
World Trade News	7

CHIEF PRICE CHANGES YESTERDAY

Prices in pence unless otherwise indicated

20c 12pc 1981	105 1/2 + 1
20c 11pc '81	103 1/2
20c 10pc '81	101 1/2
20c 9pc '81	99 1/2
20c 8pc '81	97 1/2
20c 7pc '81	95 1/2
20c 6pc '81	93 1/2
20c 5pc '81	91 1/2
20c 4pc '81	89 1/2
20c 3pc '81	87 1/2
20c 2pc '81	85 1/2
20c 1pc '81	83 1/2
20c 0pc '81	81 1/2
20c -1pc '81	79 1/2
20c -2pc '81	77 1/2
20c -3pc '81	75 1/2
20c -4pc '81	73 1/2
20c -5pc '81	71 1/2
20c -6pc '81	69 1/2
20c -7pc '81	67 1/2
20c -8pc '81	65 1/2
20c -9pc '81	63 1/2
20c -10pc '81	61 1/2
20c -11pc '81	59 1/2
20c -12pc '81	57 1/2

Banks raise cheque card limit from £30 to £50

THE BIG London and Scottish clearing banks are to increase the limit on their cheque guarantee cards from the £30 which has been in force since 1968 to £50.

This was stated yesterday by the banks' spokesman at the Banking Information Service. An announcement giving full details is to be made shortly, probably today, and it is expected that the new limit will come into effect from August 1.

The move follows strong pressure from retailers and customers to increase the limit to take account of the trebling of general price levels since the cards were introduced 11 years ago.

While recognising the argument, the banks have until now resisted the pressure because of their concern about fraud. The spokesman said yesterday that the banks had been reluctant to raise the guarantee "until we got a tighter measure of control over the fraud element."

The news was welcomed by Mr. Richard Weir, director of the Retail Consortium, which has been pressing the banks to change for over two years. He was "delighted" that the move was being made, even though the increase did not restore the purchasing power of the card to its original level or meet fully the consortium's request for the limit to be doubled.

The change would, he said, be of great benefit to the customers of the retail shops who relied heavily on the card system to support their cheque payments. The cards provide a guarantee to support the payment of cheques for cash withdrawals at a bank or for the purchase of goods to a value up to the card limit. At most banks they are separately issued, though Barclaycard combines the guarantee function with its operation as a credit card.

The detailed announcement is expected to explain how the new limit will be introduced. Existing cards with the £30 limit printed on them are likely to be valid up to the £50 level until they are replaced with new cards over the next year. Other aspects to be listed will include the implications for international use under the Eurocheque scheme.

Whatever kind of business you are thinking of doing in the Pacific area you have to get used to a difference in time. One that means it can be tomorrow there when it is still today here.

The people to help you do that, and to supply all the specialist local knowledge that so often means the difference between business success and failure are at NBNZ — The National Bank of New Zealand.

Our experience goes back more than 100 years and we are members of the Lloyds Bank Group. We have branches throughout New Zealand, offices in Tokyo, Singapore, and Manila and our main London office is in Moorgate. Call 01-6068311, when you are looking to the Pacific and talk to tomorrow's bank today.

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LOMBARD

The Commons bares its teeth

BY IAN DAVIDSON

Chairman: Order, order. The committee would like to thank the Chief Secretary and his officials for attending our session, in which we shall be discussing the European Community's budget. Would the Chief Secretary agree that it is a very good thing that the Community is accelerating the timetable for labelling the annual budget so that this committee and the House of Commons can get to grips with the issues?

Restriction

Member: Does the Chief Secretary find that debates in the House have a restrictive effect on his negotiating freedom in the Council of Ministers?

Chief Secretary: Oh, not too restrictive, I think. Chairman: Would the Chief Secretary care to comment on the fact that next year's draft budget represents an increase of some 22.23 per cent on the previous budget?

Chief Secretary: You must remember that four fifths or more of the budget is accounted for by what are called obligatory items of expenditure, which are the consequences of policy decisions taken by the Council of Ministers under obligations of the Rome Treaty. The common agricultural policy is by far the biggest item here; but not merely the Budget Committee has not meanly ingenuously amended the Commission's figures, it can do no more than wait to see what the farm policy turns out in practice, to have cost. The Commission's figures, which are merely guesses, which will be variously affected by the weather and the level of world prices.

Member: Would the Chief Secretary care to say whether he considers that budget control is almost irrelevant? Chief Secretary: Not quite, because of limits imposed by national governments. Chairman: The Committee would like to thank the Chief Secretary and his officials for attending. (Event Chief Secretary, with officials, Chairman, members, secretariat, journalists, and policeman.)

Irrelevant

Member: Would the Chief Secretary care to say what his main aims will be at the July 20 Budget Council? Chief Secretary: First, to ensure that interpretation of article 131 is accepted. Second, to reduce expenditure on the non-obligatory items in the draft budget. But third, to see that Britain gets value for money on items which are helpful to us within an overall reduction in the size of the budget.

Member: Would the Chief Secretary care to say whether he considers that budget control is almost irrelevant? Chief Secretary: Not quite, because of limits imposed by national governments. Chairman: The Committee would like to thank the Chief Secretary and his officials for attending. (Event Chief Secretary, with officials, Chairman, members, secretariat, journalists, and policeman.)

TV Radio, BBC 1, 7.45 Max McGrath Says 'I Wanna Tell You A Story', 8.30 Mr. Big, 9.00 News, 9.25 The Frost Programme, 9.55 Omnibus, 11.10 Storyville, 11.40-11.45 Weather, regional news, 11.45-11.50 p.m. Crystal Tipps and Alistair, 11.50-11.55 p.m. Wales To, 11.55-12.00 Wales To, 12.00 Close.

RACING BY DOMINIC WIGAN

Gay Pariso for Sangster

MR ROBERT SANGSTER, whose dual classic winner The Minstrel could well be the subject of a seven or eight million dollar Canadian bid to be able to maintain his winning sequence in the King George VI and Queen Elizabeth Stakes at Ascot in nine days, will be turning his thoughts to Redcar's modest Leaholm Stakes at around 4.00 this afternoon. His interest here will centre on his twice-raced Sir Gaylord filly, Gay Pariso.

SALEROOM BY ANTONY THORNCROFT

Record prices for Old Masters

SOME EXCEPTIONAL prices were paid at a Sotheby's auction of Old Master paintings yesterday. Agnews, the London dealers, gave £150,000, plus the 10 per cent buyers' premium, for a portrait of the Fifth Duke of Albuquerque, by Moroni.

APPOINTMENTS

Divisional changes at Delta Metal Company

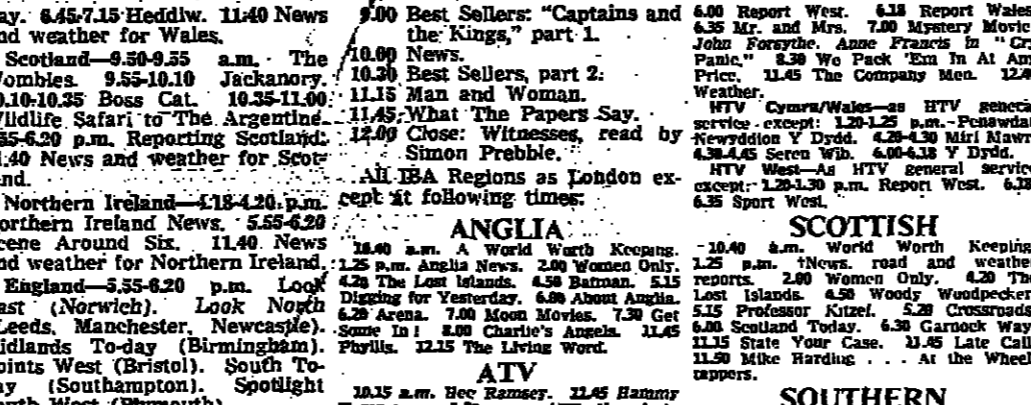
DELTA METAL COMPANY Division, Mr. P. D. Chinn, who manager. He was secondly appointed as the systems assessment and software executive director in 1964 at present chairman of the electrical divisions, has been appointed technical director from Laboratory, becomes divisional manager of the new Airborne Iberia as director of its relations.

HOME CONTRACTS

NCB awards £9.3 equipment orders

NATIONAL COAL BOARD contracts worth more than £9.3m. have been awarded to 15 firms in respect of wire braided hoses, jetted plates, and fittings for wire braided hoses; miners' rubber safety boots; welding hose; and flexible ventilation ducting.

Record prices for Old Masters



A detail from Moroni's Duke of Albuquerque.

The Map House paid £3,600 for Nicolas Atlas by William and Jan Blaeu, and 157 volumes of the Sporting Magazine, 1792 to 1870, sold to Hammond for £3,200.

FT Guide to Expenses for the International Businessman

Advertisement for the FT Guide to Expenses for the International Businessman, 1977 edition. It covers expenses for 61 major business centres around the world, including hotel rates, restaurant prices, and more. The price is £30/US\$55.

LONDON

9.30 a.m. Summer School, 10.15 Antirrhinum, 10.40 Film to Remember, 11.15 The Peacemakers, 11.45 Letting Off Steam, 12.15 The Entertainers, 12.00 Gammon and Spinach, 12.10 p.m. Rainbow, 12.30 Treaties in Store, 1.00 News, 1.20 Meet Betty Boop, 1.30 Quick On The Draw, 2.00 Good Afternoon, 2.25 Racing, 2.50 The Time Tunnel, 3.15 Showdown, 3.45 News, 4.00 To-day Special, 4.30 Crossroads, 4.50 Get Some In, 5.00 The Cuckoo Waltz.

RADIO 1

247m News, 9.45 This Week's Composer, 10.15 Music of Tchaikovsky's Romeo and Juliet, 10.30 Concerto, 10.45 The Archers, 11.00 The Archers, 11.15 The Archers, 11.30 The Archers, 11.45 The Archers, 12.00 The Archers, 12.15 The Archers, 12.30 The Archers, 12.45 The Archers, 1.00 The Archers, 1.15 The Archers, 1.30 The Archers, 1.45 The Archers, 2.00 The Archers, 2.15 The Archers, 2.30 The Archers, 2.45 The Archers, 3.00 The Archers, 3.15 The Archers, 3.30 The Archers, 3.45 The Archers, 4.00 The Archers, 4.15 The Archers, 4.30 The Archers, 4.45 The Archers, 5.00 The Archers, 5.15 The Archers, 5.30 The Archers, 5.45 The Archers, 6.00 The Archers, 6.15 The Archers, 6.30 The Archers, 6.45 The Archers, 7.00 The Archers, 7.15 The Archers, 7.30 The Archers, 7.45 The Archers, 8.00 The Archers, 8.15 The Archers, 8.30 The Archers, 8.45 The Archers, 9.00 The Archers, 9.15 The Archers, 9.30 The Archers, 9.45 The Archers, 10.00 The Archers, 10.15 The Archers, 10.30 The Archers, 10.45 The Archers, 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Henry VI Part I by B. A. YOUNG

Current thinking no longer believes that Henry VI was written by Nashe, Greene, Marlowe or John Barton, and the Royal Shakespeare Company now gives us Shakespeare's own text in its full three parts.

The parts, together with Richard III, clearly make one long serial story, but so much of incidental interest takes place that the overall shape of the story is not easy to follow from any one instalment. In Part I we see little of the King; an hour and a half pass before he comes on to the stage. Alan Howard, moving down a generation, makes him a vacillating creature then, turning to Gloucester, the Lord Protector, before he expresses any opinion. Only when the blandishments of Suffolk have persuaded him to break off his engagement to the Earl Armagnac's daughter and take Margaret of Anjou instead does he exhibit any sign of a will of his own.

The principal content of the play is the battles between England and France, or to be more particular, between Talbot and Joan of Arc. The style of production is much like that of Henry V, and after the first scene

any bigger man could make him. Joan is seen by Charlotte Corrigan as a girl who is over-keen, well at first as a giggling ball, but as she matures in warfare, but in her captivity she is inclined to peals of hysterical laughter. Richard's Joan is not Shaw's. I think she has more intellect than this, even if it is directed by demons.

Mr. Hands is less content with his simple stage than in Henry V, and introduces the iron bridge that Stratford has used since



Peter McNery, Oliver Ford-Davies, Alan Howard and Helen Mirren in the Royal Shakespeare Company's 'Henry VI Part I' which opened last night at Stratford upon Avon

The Entertainment Guide is on Page 17

Romeo and Juliet to give him a gallery. This enables him to mount an immensely vast production, scene cutting from scene, long-shot to close-up, as in a film scenario. There are fewer extremes of emotion than in Henry V, neither of heroes nor of comedy, but the genteel cast of dukes, earls and gentlemen contains some strong lines of characterisation that will no doubt be built up as the play goes on.

Graham Crowden is an avuncular Gloucester, and John Rhys Davies as his adversary, the Bishop of Winchester, is an archetype of unscrupulous ambition. Their quarrel across the young King on his throne is an effective bit of staging. As Plantagenet Emrys James keeps his ambition under a smooth cover, but the family begins to show already.

Outstanding among what are so far the smaller parts are Helen Mirren's Margaret and Peter McNery's Suffolk. The battlefield wooing is notable not only in the exceptional speaking of the verse, but in the power lurking beneath the restraint and the promises great things for the next two nights.

Sadler's Wells Theatre

Iolanthe by ARTHUR JACOBS

"Paradiddle, paradiddle, lol-lol-lol" is the only possible comment on the implication that this "new" Iolanthe constitutes the first scenic alteration in the D'Oyly Carte company's version since the birth of the opera in 1882. There has been a whole series of acknowledged changes in design, three of them between 1919 and 1929.

Striking indeed is the new perspective of the House of Parliament in the second act. So are the crinolined, silver-shimmering dresses of the chorus of fairies. But the stage style itself is not new. The D'Oyly Carte convention is modified less than when Anthony Besch was brought in to produce The Gondoliers some seasons ago. It may even be argued that some of the "modernisation" of this Iolanthe blunts rather than sharpens the essential point.

It is a charming feature of Bruno Santini's designs to show in the opening moments a cobweb bigger than the fairies themselves. But the joke of a majestically stout Queen of Fairies who claims to "swing upon a cobweb" is weakened when this character—in the past something of a satirical Brunhilde—turns out to be trim of appearance, prettily dressed, and at all indications similarly to present a Phyllis and Strephon who are a pleasant, natural-seeming pair (Phyllis is even a bit "common") to belie the satirical Arcadian convention.

Michael Heyland's production at least preserves the legal and lordly fun. John Reed's unfailingly nimble caperings as the Lord Chancellor not only delighted the audience, but corresponded to the "wild dance" noted by a Victorian reviewer. The little touch of

burlesqued romantic ballet at the end was a happy addition, but not like to be a fairy guardsman?"

But since the institution of "G. and S." has always maintained its momentum despite the outdated references, it may happily surmount such unlooked-for modernities as well. I am convinced that the management is correct in adhering

to the old words and music. The concentration of fidelity and tradition, however, and the arguments about departure from these, obscure the really pressing problem of the D'Oyly Carte productions—how to improve musical standards. The solo singing in this Iolanthe was markedly better than in the previous week's Pirates of Penzance. Barbara Liley and Gareth Jones sang most pleasantly as Phyllis and Strephon, strongly backed by Jane Metcalfe (Iolanthe), Patricia Leonard (Queen), Geoffrey Shestovitz (Golliver) and John Aydon (Mountararat). As usual, Kenneth Sandford made much of his role (Private Willis) by a veteran's sheer personality.

The residual weakness of the orchestra remains, however, and was compounded on Monday by some odd lapses in the chorus. The contrast with the company's recordings—which invariably engage the Royal Philharmonic or some other major orchestra—is all too marked. Royston Nash's handsomely conducted orchestra, deficient both in large span and in phrase-to-phrase flexibility, gives little hope of a general musical improvement.

To those who love Sullivan's own melodic gift and orchestral skill for their own sake, the deficiencies would matter less if there were a healthy competitiveness in the Savoy works. Not so, alas: with the lamentable audiences for the English National Opera's excellent Puccini, little expectation can be raised for the building there of a strong alternative tradition. So D'Oyly Carte must be firmly nudged to appeal from itself to itself, directly as the Lord Chancellor in Iolanthe does to such good effect.



Patricia Leonard and John Reed

Brighton Festival

Muldowney's Arcadia by DOMINIC GILL

Not so very many years ago, Brighton was the venue for one of our most interesting and adventurous summer festivals of contemporary music. For a variety of reasons—economic, political and musical—and some would say, for reasons also of plain cosy British shortsightedness—that time is past. Brighton now offers predominantly the same familiar festival menu of music as the Cheltenham-Edinburgh-London circuit, spiced with one or two novelties, and a sprinkling of (often admirable) items of local interest. But even if the new-musical focus, and the excitement, have largely gone, the festival this year made a tentative bow to nostalgia by commissioning just one substantial work from a young composer, Dominic Muldowney (Brighton's jubilee theme this season is "The World of Under 25").

Muldowney's Arcadia, scored for string and wind triad with piano, vibraphone and tape, was the second work of a chamber programme of Mozart, Mendelssohn, and Walton given by the Lantano Ensemble under John Carewe. Muldowney's rustles are

both capricious and numismatic as the musicians traced their instruments, a stereo voice on tape murmured "entracte," but before we could leave our seats began to speak aloud a list of dates and numbers—1914, 1927 (Did one detect a sudden, faint swirl of footrot?) 1957, 1967 (a Beach Boys' riff?) 50, 17, 72.

The eyes-down-recitation continued as the players played—a pretty, high-flying, effervescent

study in instrumental textures, shaped by some nice, formal conversations between piano and vibes. As the pace quickened the temperature of the music rose, deservingly of the judgment and its consistency thickened. The word "entracte" reappeared over a brief, floating coda, leaving the stage: "Now you instead of using the same (pre-know why the hall's so empty?) sumably the composer's own) Didn't he realise that it was voice on tape throughout, it Mendelssohn who had frightened might have been a livelier idea to them away?"

The Tent, Battersea

La Fille mal Gardée

Even under canvas, it is Wayne Eagling's week. After his brave debut in Bayadère comes his first Colas which, on Tuesday, showed that he has the heart of the matter in him. The part of course was handsomely danced: the quick, easy lift of Eagling's dancing which comes from a "loose" hip action and gives such a fine sweep to the legs; the big jump and the fast pirouettes—all these make Colas' solos fresh and bright in

impulse. The characterisation rather coolly to soar as Eagling presents certain difficulties, can, and not look entirely happy since it is at odds with the persona that best suits Eagling's stage. He can play the innocent, lyrical hero (the des warms emotionally to the part) Grioux which he so admirably is, or the (sagacious) and also sparkling Lise, so happy in create a sophisticated, satirical comedy, he is all charm and image—as he does in Ebbes ardur. On any terms this is a Synopsations, and which could most attractive debut performance make him a dangerous, ideal once, and must be seen at the Opera House before too long.

CLEMENT CRISP

Record review

Britten—early and late

by RONALD CRICHTON

Britten Phaedra. Sacred and Profane. Prelude and Fugue for Strings. Baker/ECO/Bedford/Britten. Wilby Consort/Pears. Decca SXL 6847, £3.50. Cassette K5XC 6847, £3.75.

Britten Folk Song arrangements. Pears, Ellis. Decca SXL 6783, £3.50.

Duparc Mélodies. Krusyn. Lee. Telefunken AS 642113, £2.99.

Chumann Lieder. Krusyn. Lee. 2 records in sleeve. Telefunken EK 648097, £5.95.

Ballads and Sacred Songs. Bailey, Parsons. Oiseau-Lyre DSLO 20, £3.50. Cassette KDSLC 20, £3.75.

circumstance a decade or so early. Phaedra has an extraordinarily definite atmosphere of sunlight so dazzling that it illuminates mental states as well as people and things. By the simplest means—rising and falling vocal lines—Britten tells us that Phaedra's guilty mind is on the verge of giving way and also that it won't snap before she has put an end to her sufferings. This is conveyed, with modest accompaniment for strings, percussion and harpichord, in a very personal adaptation of the Baroque cantata. Except that she surprisingly refers to Theseus's capital as "brilliant Tathens," Dame Janet's singing and characterisation (insofar as one can separate them) are marvels of control and understanding. The Prelude and Fugue for strings written for Boyd Neel during the war is played here by the English Chamber Orchestra under the composer's direction (the recording was made in 1971). There are some early vocal works and the Eight Medieval Lyrics Sacred and Profane contemporary with Phaedra and comparable in their conviction—the atmosphere needless to say is totally different. The Aurian Shepherd's carol of 1944 might be a spin-off from Paul

Buryan. The vocal pieces are sung to admiration by the Wilby Consort under the direction of Peter Pears. That master, in wonderfully fluent voice, is heard with Osian Ellis on another Decca disc in a generous selection of Britten's folk song arrangements for voice and harp—many old favourites and some less familiar ones.

Earlier recordings of French song by Bernard Krusyn and Noël Lee have earned golden opinions both for the quality of the singer's voice (as baritone as silken as Souzy in his prime) and for the exemplary style of both artists. Fauré, Debussy and

Book Reviews will appear in to-morrow's paper

Ravel fit Krusyn like a glove. Duparc, whose scale is often larger and who is nearer in spirit to the German song writers, suits him slightly less well, but still the grave beauty of the tone (a little veiled now) and fine musicianship see him through—the result though not effortless, is richly exciting.

Most of Duparc's mighty handful of songs were written for high voice and must be transposed for mezzos or baritones a tone or a minor third down. There are some lovely melancholy lower down can be gorgeous and are so here. Noël Lee, a pianist of wide sympathies, gives Krusyn admirable support except in "Extase" where he is heavy—not a question of loudness but of failing to aerate the slow-moving textures with the tiny breathing points Gerald Moore, for example, supplies. "Au Pays où se fait la guerre," inescapably a woman's song, is acceptably done by Danielle Gallaud.

The same artists offer a feast of Schumann on two records. Perhaps "feast" is too big a word for a selection including a mere sprinkling of Schumann's great song years—1840 with a mass from the later

period when decline had set in. Yet for those who can forbear from judging all Schumann songs by the miraculous standard of the Dichterliebe or Liederkreis there is plenty—the Lenau songs, the strange Schiller ballad "Der Handschuh," and among lighter songs on the final side, "Die Meerfee" and "Der Contrabandista," the last-named page of decorative local colour of type rare in this composer. Among the earlier things are "Dein Angewicht" and "Es leuchtet meine Liebe," rejects from the Dichterliebe, charmers none the less.

These are French Valois recordings on the Telefunken label, marketed here by Selectra. For the Duparc songs there is a word sheet (one verse of "Testament" missing), for the Schumann, nothing. Fortunately Eric Sams's The Songs of Robert Schumann includes English versions. His book is an invaluable guide. He is severe on late Schumann, so one can indulge in the luxury of occasional disagreement—Schumann tired and uninspired still wrote so naturally for voice and piano that his artists (though at times Krusyn's tone is badly sustained) have little difficulty in persuading one to a kinder view.

To judge from this Oiseau-Lyre collection of Ballads and Sacred Songs ("sacred" in the Victorian, not liturgical sense) Norman Bailey should have an enviable recording career in directions which might not have been foreseen. Except on the second, "sacred" side, when the hollowness of music and words tempts one to press the tone a shade definitely, he is in splendid voice. The tone caresses and "speaks," words are exemplary. The Ballads, which embrace some respectable old favourites like "Sea Fever," "Drake's Drum" and "The Vagabond" are much the better. Between them Mr. Bailey and his pianist, Geoffrey Parsons sharply remind one that many honoured composers of Lieder and Mélodies (Schumann among them) published feeble work. The Haydn "Wood's" "A brown bird singing,"

St. John's, Downshire Hill National Trust concert by RONALD CRICHTON

"St. John's, Downshire Hill is remarkable, attractive, and deserves to be cherished," writes Lettman of the little Hampstead church at the junction of Teas Grove and Downshire Hill, resting with its garden among "neat cottages and Gothic trees. The church is now the one of a series of recitals commencing Trevor Pinnock's English concert, young artists who play at the National Trust and performers who previously found a home at the Victoria and Albert Museum.

On Tuesday Maggie Cole harpsichord), Felix Schmidt (guitar) and William Waters (guitar) were presented by the National Trust Cellist and harp-chordist came together in unities by Bach (G major, a title too confidentially phrased), and Vivaldi (E minor from p.14) but were heard more interestingly on their own. Miss

Cole's Scarlatti group was scintillating and rhythmic without overdoing the Iberian pepper. Mr. Schmidt's unaccompanied Regza Suite (G major) made one hope that more young players will discover for themselves that Regza's chamber music is not all inflated and portentous.

The main work for guitar was Berkeley's Sonatina, a work of typically quiet distinction and fine workmanship which has no need of the modest diminutive of the first movement is simply proportioned. Mr. Waters is a sympathetic player, inclined to allow the pulse to slacken. In cello) and William Waters (guitar) were presented by the National Trust Cellist and harp-chordist came together in unities by Bach (G major, a title too confidentially phrased), and Vivaldi (E minor from p.14) but were heard more interestingly on their own. Miss

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Wigmore Hall Lindsay Quartet by MAX LOPPETT

Tuesday night's account of the second during the Lindsay Quartet's complete cycle of Beethoven quartets. On this occasion the work was given in its later form, with the shorter replacement Finale instead of the Grosse Fuge. Though the work makes a less titanic effect without the ferocious culminating magnificence of the mighty fugue, the Lindsay's performance was by no means lacking in the sense of challenge, of interpretative challenges faced and mastered with resounding success.

In a Lindsay performance of Beethoven, with four young players of notable stamina, extreme contrasts play a heightened part in the unfolding of the discourse. Sforzandos bite, tremolando shudder, trills can be penetrative as well as ethereal, pianissimo is, when necessary, sudden and sometimes almost shocking. Yet the impressive feature about the playing, particularly during the B flat quartet, was the recitation of such youthful dramatic vigour with an ensemble always light, singing and

clear of texture, tone and colour. The hall was uncomfortably muggy, which may have caused the increasing amount of flawed intonation of the first violinist, Peter Cropper. When the lyrical energy of the music has been released with disciplined adventurousness, flaws are forgotten. The concert had begun with the A minor quartet, Op.18 no. 6—fascinating to hear in the first variation of the Andante cantabile, the marching staccato bass figure later to return, transformed in Op.130. A minuet that was oddly unpointed and dancelike was unexpected, and fortunately uncharacteristic. In the second work, the second Rastamorsky Quartet (Op.59 no.2), the gathering spring of scherzo rhythms became almost hectic, with a lighter touch for "Theme russe" that was apt and pleasing. Here and elsewhere, because the style of performance focused so vitally on the dialectic of the music, it was a pity that first and second violins were seating alongside, rather than opposite, one another—much of Beethoven's intended "antiphonal" illumination was thus slightly effaced.

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EUROPEAN NEWS

EEC-U.S. moves on international companies

By Reginald Dale MEMBERS OF THE European Parliament and the U.S. House of Representatives have agreed to press for the adoption of tough new international rules to control multinational corporations by their respective governments. The decision was announced in London yesterday at the end of three days of regular consultations between delegations from the two bodies. Mr. Sam Gibbons, a Florida Democrat, said he would introduce proposals to Congress, as soon as was practical, reflecting the gist of a draft code of conduct for multi-nationals drawn up by the two delegations. European MPs are to raise the issue in their Parliament with the aim of putting pressure on the EEC Commission to come up with similar proposals. The draft is tougher than a similar code adopted by the OECD countries last year, and would be binding on companies and Governments, whereas compliance with the OECD recommendations are voluntary. The aim would be to secure its adoption by all major industrialised countries. The proposed code would require multi-nationals to produce detailed annual reports, including information on the taxes they had paid, investments and employment policies. They would be required to submit advance information on take-over plans, hold regular consultations with local workers, and renounce price-fixing and cartels. Another provision would prohibit multi-nationals from trying to interfere in local politics through private or illegal payments. "Multi-national enterprises shall not make, or be solicited to make, payments in money or other items of value to host government officials, other than for manifest public purposes." Tax would have to be paid in the country where income was earned, governments would agree to step up tax enforcement and new rules would be worked out for transfer pricing between multi-nationals' subsidiaries. There would be common action against companies abusing tax havens.

Turkish general denies army plans to intervene

BY METIN MUNIR ANKARA, July 13. GENERAL Semih Sancar, Turkey's top active general, categorically denied today that the armed forces have any intention of intervening in politics, EEC. Mr. Demirel succeeded Mr. Bulent Ecevit, the social democrat whose minority government was defeated in a confidence vote 11 days ago. Mr. Demirel is currently negotiating the terms of a coalition with two small parties: Mr. Necmettin Erbakan's pro-Islamic National Salvation Party (NSP) and Mr. Alparslan Turkes's ultra right-wing Nationalist Action Party (NAP). They are expected to announce a government before this week-end. "The Turkish armed forces—which are the sole guarantors of the Turkish republic and democracy—will never favour adventures and always oppose illegal activities," said Gen. Sancar, the chief of general staff, in a written statement released here today. The page-long statement, signed by the four-star general, was issued "against recent statements provoking the Turkish army." The left wing Press has been speculating that the army may be obliged to intervene in politics if Mr. Suleyman Demirel, the former Prime Minister, succeeds in bringing his tripartite right-wing alliance to power (as is widely expected) and falls to come to grips with the multitude of problems facing Turkey. These include a big current account deficit and political violence, as well as foreign policy problems in Cyprus and Greece, the U.S. and the EEC. Mr. Demirel's military coup of 1971, which led to Mr. Demirel's downfall, as Prime Minister Gen. Sancar became martial law commander in Ankara and pursued a hard line against the extreme Left. His statement today is a warning to his officers as well as to civilians. The Turkish army has a tradition of intervention in politics, considering itself the guardian of Turkish democracy, but at present it does not have a uniform political view, and is believed to be as divided in political philosophy as the rest of the nation. If Mr. Demirel comes to power he is expected to co-operate with the army in purging the army of officers with interventionist tendencies and ensuring that the top army positions go to generals with right-wing tendencies. A promotion and retirement list is due next month.

Spanish Parliament holds first session

By Roger Matthews MADRID, July 13. THE NEWLY-ELECTED Spanish Cortes (Parliament) held its first working session today to prepare the way for the official opening, to be performed by King Juan Carlos on July 22. Despite the technical nature of the agenda it was an emotional occasion for many of the deputies, who at last had visual evidence of the arrival of a democratically elected system of Government. The national news agency, Cia, proudly reported that almost all the deputies were wearing ties and that Prime Minister Adolfo Suarez had shaken the hand of Sra Dolores Ibaruri, the 81-year-old President of the Communist Party, who only a few weeks ago returned from exile in the Soviet Union. As expected, members of the prime Minister's coalition, the Union of the Democratic Centre, were elected as Speakers of both the Congress and the Senate. The fact that the Prime Minister does not have an overall majority in the Congress was reflected in the relatively close run election for Speaker, with the UCD candidate, Sr Alvarez Miranda, getting home by just 30 votes. Attention, however, is still heavily focused on the Government's statement of economic intent released yesterday and the probable effects of the 20 per cent devaluation of the peseta. Industrialists are anxiously waiting to see how the Cabinet will seek to stimulate exports, apart from the price advantage they may now have, and what measures will be taken to promote import substitution. The Communist Party leadership appeared relatively content with the Government's plans, but said that the statement lacked many essential points, a reference to measures needed to control price increases, without which there can be little hope of a valid pro quo on wages restraint. On the Madrid Stock Exchange, an atmosphere of caution persisted, with the general index losing 0.72 per cent, and the commercial banks again showing the biggest falls. The threat of a wealth tax is naturally causing concern to better off Spaniards.

All-party support likely in Italy for tough line against terrorist

BY DOMINICK J. COYLE ROME, July 13. ONE OF THE first concrete developments from the all-party agreement on policy, the Italian "programmatic government" which is being debated in parliament here this week, is expected to involve tighter measures against increasing urban guerrilla activities. There has been an escalation of such violence recently, with an increase in the shooting in the last of prominent political and other personalities, and with such extremist groups as the Armed Proletarian Nuclei and the Red Brigade threatening "all-out war" against the state and the political system. The all-party agreement—essentially between the ruling minority Christian Democrat Government and the powerful Communist Party, but supported by the Socialists, Social Democrats, Liberals and Republicans—should allow the Andreotti Government to move quickly on reinforcing the power and authority of the police. The accord provides for legislation enabling the police to question suspects for limited periods, without the presence of a lawyer or examining magistrate. The police could also get wider powers to arrest suspects. Additionally, the Interior Minister may be empowered by law to authorise without recourse to the legal process, the tapping of telephones where it is suspected that terrorists may be planning violent crimes. Such enlarged authority for the police has not been possible until now, owing to opposition from the Communists and the Socialists. However, the parties which have been sustaining the Government through a policy of abstention in parliament have now agreed in principle to support such wider measures. Given the Communists' agreement to relatively tough security provisions, it will be altogether surprising if the Left-wing extremists group turn their attack on political personalities on the Left. The parliamentary debate on the all-party policy agreement, which apart from law and order questions, covers in general terms economic policy, health reform, improvement of the health service and the ceding of local authority de facto to the state with the final vote on an all-party motion incorporating the agreements in outline terms of the week-end. The Christian Democrat trying to resist strong pressure from the Communists and Socialists to transfer a number of administrative functions, regions where the Communists are often in control of the apparatus. This is a difficult dispute over control of par-

Portugal plan condemned by industry confederation

BY DIANA SMITH LISBON, July 13. THE PORTUGUESE Confederation of Industry (CIP) has joined the chorus of criticism of the Socialist government's 1977-80 plan, due to be debated in parliament for three days, beginning tomorrow. Attacking the shortcomings of the plan, the CIP claims that the plan "disdains to correct the basic imbalances of our economy and means of overcoming the economic crisis, thus prolonging the climate of unrest and uncertainty which has prevented recovery of productive investment." Essentially, says the CIP, the plan gives priority to "an autocratic society and centrally directed planning incompatible with western democratic society." Also, all, the CIP says, the plan gives priority to public in-

Dutch report opposes site for LNG plant

By Michael van O AMSTERDAM, July 13. A CONFIDENTIAL report by the Dutch state-subsidised research organisation TNO has said the proposed construction of a Liquefied Natural Gas (LNG) plant on the reclaimed Maasvlakte near Rotterdam involves serious safety risks for the whole area. The possibility, albeit very small, of a gas cloud escaping from a LNG carrier in the port, and the resultant explosion, could cause up to 17,000 deaths in the most serious cases, the TNO said. Its report to the Dutch Government was published only days after Gasunie, the state-controlled gas distribution monopoly, announced it had signed an import contract with Sonatrach for 40bn cubic metres of Liquefied Natural Gas shipments from Algeria to Holland to start in the mid-1980s.

THE SWEDISH RECESSION Production slides, prices soar

BY OUR OWN CORRESPONDENT STOCKHOLM, July 13. SWEDISH industrial production continued to decline in the second quarter of this year, while food prices grew faster than at any time since the period of the Korean War, according to two sobering reports on Swedish economic developments. The Economic Research Institute's latest business opinion survey shows that the fall in industrial output is likely to continue into the third quarter as companies try to reduce their heavy stocks of unsold finished goods. Many expect an increase in export orders during the third quarter, but this is expected to be marginal. During the second quarter production did not stop declining, as anticipated in the March business survey, but the fall in output was insufficient to prevent a further increase in stocks. The expected price increases did not materialise. Several pulp and paper companies in particular were forced to make price cuts. The paper mills report a slight improvement in the order intake during the second quarter and expect to raise output, but most engineering, shipbuilding, steel and textile companies foresee further production cuts, which could at last begin to affect the high employment level Sweden has been able to maintain. The survey shows that more companies than at any time before plan to lay off workers during the second half of the year. Mr. Ola Virta, who compiled the institute's survey, says the increase in exports, which the state budget predicted for the autumn, is now improbable and

Crisis of faith in the system

BY WILLIAM DULLFORCE IN STOCKHOLM THE SWEDISH moved into their boats and summer cottages as usual this month but with less than their usual confidence in the future. Some will have extended holidays, mills and factories take the opportunity to hold back production, hoping to diminish stocks of unsold goods. Some 1.3m. state and local authority employees are still waiting for the negotiations on their 1977 pay levels to be concluded. Worst of all in Swedish terms there is a real danger of unemployment, particularly among young people, will rise significantly this winter. The business recovery for which the Swedes have been waiting since the beginning of 1976 has not materialised. The latest figures indicate that the country's problems go much deeper than can be explained by an unexpectedly prolonged recession. The mixed economy, which Sweden has practised with such exemplary success, is in crisis, it is argued. The disillusion has eroded public standing of the new Government. Mr. Thorbjörn Fälldin, the Prime Minister, returning to his farm for the holidays with the latest opinion polls showing 49 per cent support for the Social Democrats against 45.5 per cent for his coalition. His longer effort to keep unprofitable industries going, and his decision that the country could not reach in the September general election. Mr. Fälldin could be forgiven if he felt the swing of public opinion was unfair to him. In coping with the unemployment threat and the crises in the shipbuilding, steel, and textile industries his Government has had little alternative but to trade unions, but to pursue policies which differ only marginally from those the opposition would itself have adopted. The "change of direction" in Swedish society which Mr. Fälldin and his partners promised is still no more than incipient in committees studying ways of easing the grip of the bureaucracy and of decentralising power, and in a few relief measures for small businesses. Only in the nuclear field does he want to reverse the nuclear power programme, has Mr. Fälldin succeeded in proposing a distinct change of course, but on that line he does not carry his moderate (conservative) and liberal partners with him. The result has been political confusion and doubts about the viability of the coalition. The moderates have been the only coalition party to advance in the opinion polls since the election. Their chairman, Mr. Gösta Bohman, the Economy Minister, has been more prominent in the media, not least because of the controversy aroused by his more outspoken Socialist government have coincided with a growing public awareness of the dangers. Now some economists are warning that the country's problems go much deeper than can be explained by an unexpectedly prolonged recession. The mixed economy, which Sweden has practised with such exemplary success, is in crisis, it is argued. The disillusion has eroded public standing of the new Government. Mr. Thorbjörn Fälldin, the Prime Minister, returning to his farm for the holidays with the latest opinion polls showing 49 per cent support for the Social Democrats against 45.5 per cent for his coalition. His longer effort to keep unprofitable industries going, and his decision that the country could not reach in the September general election. Mr. Fälldin could be forgiven if he felt the swing of public opinion was unfair to him. In coping with the unemployment



Mr. Thorbjörn Fälldin

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OVERSEAS NEWS

Tough budget likely in Rhodesia to help offset costs of war

BY TONY HAWKINS SALISBURY July 13.

DAVID SMITH, the Rhodesian Finance Minister, is expected to present a tough budget in the Rhodesian House of Assembly tomorrow. Government expenditure estimates, published last month, show a 25 per cent rise in the total cost of the guerrilla war, which is now put at some £580,000 a day. On the budget account (that is to be financed from taxation), spending will increase by 18 per cent, and while Mr. Smith is certain to budget for a substantial deficit it seems likely that he will also have to look for higher tax revenue. His task is made more difficult by the fact that company and personal tax rates have already been raised through a 10 per cent surcharge imposed in February. The rate of sales was at the same time increased to 15 per cent from 10 per cent. Income and profits taxes, and sales tax, between them account for some three-quarters of government tax revenue which leaves little room for fiscal manoeuvre, unless further increases in these taxes are contemplated. There is a charge of minor taxes and charges which Mr. Smith could use to raise extra revenue, but their revenue-generating capacity is extremely limited. Possible options include higher fees for government services—especially for education which is heavily subsidised for whites—increased indirect taxes on petrol, alcoholic drinks and tobacco, or a compulsory loan levy, or defence bonds. A feature of the Rhodesian economy at present is the high level of liquidity in the banking system. With business and consumer confidence at a low ebb, savings are high. A defence bond scheme could be used with attractive interest rates to attract some of this capital into the public sector. The fact that the Minister will be delivering what is by Rhodesian standards a long budget speech, of 1½ hours, has encouraged the view that Mr. Smith will be putting forward a complex package of tax changes, rather than simple across-the-board tax rises which have tended to comprise Treasury policy here in recent years. With a high rate of white emigration, a thoroughly depressed economy and white morale in poor shape, the Minister will be anxious to avoid swinging tax increases. The likeliest development is a further rise in taxes combined with a substantial budget deficit and sharply higher public sector borrowing, part of which could be met by a defence bonds limited. Possible options include scheme.

HUMAN RIGHTS AND THE SHAH Upsurge of political dissension as loyal Iranians speak out

BY ROBERT GRAHAM IN TEHRAN

PRESSURE from President Jimmy Carter over human rights seems to be behind the most serious outburst of political dissension in Iran since the Shah stamped out opposition to his regime after the 1953 riots in Tehran. The new mood is reflected in a newly worded two-page letter, now circulating in the capital, which was sent to the Shah in June. The letter concludes: "The only way to create new faith in ourselves, to restore a sense of individual liberty and a spirit of national co-operation in order to come to terms with the problems threatening Iran is to end despotic government, observe the principles of the constitution, and the Universal Declaration of Human Rights, forego a one party system, allow freedom of the Press and of association, release political prisoners, permit exiles to return and establish a Government based on majority representation..." Disgruntled intellectuals have in the past circulated unsigned pamphlets, and individuals have made cautiously implied criticisms. But this letter was directed to the person of the Shah himself. It did not mention the Shah's name, but was signed by six persons but signed by only three—Dr. Karim Sanjabi, Dr. Shapour Bakhtiar, and Mr. Darloush Foruhar. Those associated with the letter all have links with the now dissolved National Front of Mr. Mohammad Mossadegh, the late Premier. The signatories all have records of dissidence. Both Dr. Bakhtiar and Mr. Foruhar have been imprisoned (Dr. Bakhtiar six times and only once after a trial). Their letter attacks the system of government which they describe as despotism in the guise of monarchy, and takes the Shah to task for ignoring the constitution. It claims that his economic policies have created inflation, shortages of food and housing, and have squandered Iran's valuable oil resources. It blames the regime for disregarding human rights, permitting police brutality, and tolerating slattery and corruption. It also says that the Shah cannot take all the credit for what has been achieved, but that the signatories have dared to say what previously only the Shah's critics abroad had dared to utter. None of this has got into the Press but some 10,000 copies have been distributed privately. Yet the contents are less significant in their own right. The context is a complex interplay of forces created both by the Carter Administration's emphasis on human rights as an integral element of U.S. foreign policy, and by the Shah's own perception that publicity over the past five years given to treatment of political prisoners and the abuse of human rights in Iran—coupled with specific mention of Iran in the presidential election campaign as a human rights problem—immediately raised the spectre of the new Carter Administration taking a tough line. The Shah after all regards the U.S. as Iran's single most important ally and American support for the Shah has been a vital element in ensuring his stability. There has been no overt or direct attempt by President Carter to put pressure on the Shah to put his own house in order by threatening to curtail arms supplies. The Americans have been very wary. They are conscious that the Shah has been their most trusted Middle Eastern ally, occupying a sensitive geographical position and controlling the second largest oil production in OPEC, with a huge market for military goods and trade. Several of those who have read the letter say that without the protective umbrella of the Carter human rights policy no one would have dared to act. The writers have also taken courage from an apparent official tolerance of a more public debate. In May an open letter was sent to Rastakhiz, the official paper of the country's sole political party, by Mr. Ebrahim Khajenouri, a well known historian. The basic message was that the Shah, established by the Shah in March, 1975, was failing to create a dialogue between the people and the Government. He stressed the mood of cynicism. "The majority either do not speak, or if they do, they do not speak the truth," he said. This prompted a whole series of articles. Though the majority attacked him, including the Party Secretary, Mr. Jamshid Amouzegar, the paper did present contrary views. While this debate

"The only way to create new faith in ourselves, to restore a sense of individual liberty and a spirit of national co-operation in order to come to terms with the problems threatening Iran is to end despotic government, observe the principles of the constitution and the Universal Declaration of Human Rights, forego a one party system, allow freedom of the Press and of association, release political prisoners, permit exiles to return and establish a Government based on majority representation..."

ISRAEL CABINET MEETS Secret peace plan

BY DAVID LENNON TEL AVIV, July 13.

MR. MENAHEM BEGIN, the Israeli Prime Minister, will present President Jimmy Carter with a peace package which details the concessions Israel is prepared to make in exchange for a full peace agreement with its Arab neighbours when the two men meet next week. The package, which was approved by the Cabinet today, is a closely guarded secret, and Mr. Begin wants to prevent it from leaking prior publication. But it is possible to see the outlines of the plan from the hints leaking out in the local media. Israel will express its willingness to withdraw from the bulk of the Sinai Peninsula in a peace agreement with Egypt. Israel will also return parts of the Golan Heights to Syria, in exchange for a full peace agreement. The proposed settlement on the West Bank is less clear cut. Israel wants to retain the area as a military buffer and also a place where Jews can settle if they wish. The proposed arrangement will apparently be based on a division of the West Bank—in other words no Israeli withdrawal. However, it will permit the Jordanian government to say in matters affecting the lives of the 600,000 Arab inhabitants of the area. Mr. Begin will make it clear to President Carter that Israel is making this offer in exchange for a full peace agreement which should include a normalisation of relations between Israel and its neighbours. If the Israeli plan is not accepted, Mr. Begin will not regard this as preventing any progress. He has emphasised that he is in favour of all the parties to the Arab-Israeli dispute putting forward their proposals, and then meeting face to face to discuss them. Mr. Begin will be at pains to make it clear to the U.S. leader that he is not following a hard-line policy of "not an inch, no withdrawals," as had been suggested upon his election. He will also state that if his general package is not accepted, Israel will be willing to consider partial settlements. However, the Israeli leader will not advocate this approach as he would prefer to strive for a final world peace for the Middle East dispute. The Prime Minister is determined to play down his hard-line image. He will also stress that he wants negotiations on a peace process to be resumed as soon as possible. They could start with the convening of the Geneva conference which he has suggested could take place on October 10.

Australia hints of delay in uranium decision

BY KENNETH RANDALL CANBERRA, July 13.

MR. MALCOLM FRASER, the Australian Prime Minister, said today that if Australia decides this week to go ahead with uranium exports, it will be strictly on the basis of the safeguards policy already announced. "The safeguards policy will not be watered down for the sake of some commercial sale or commercial advantage," Mr. Fraser said. He took these matters very seriously indeed, as questions at a National Press Club luncheon, Mr. Fraser indicated that his Cabinet was making slower progress than expected in considering uranium policy and there might not be an announcement for a few more days yet. To-day and yesterday had been largely occupied with considering issues affecting the environment and aborigines. "These are important issues," he said. "While the total international responsibility which I believe rests on Australia is also very important, that does not mean to say that it should over-ride domestic matters which are of a very great importance to a significant number of Australians." In Melbourne today, the national president of the opposition Australian Labor Party, Mr. Bob Hawke, said he believed Australia should export uranium, even though he stood by the party policy opposition to uranium development for the time being.

Malaysia ferrets out Communists

BY WONG SULONG IN KUALA LUMPUR

THE MALAYSIAN army, deploying 10,000 troops, is undertaking a major offensive against Communist guerrillas in the leech-infested jungles of southern Thailand. It has been waiting for this opportunity for a long time. The army hopes that the offensive, launched with the support of the military regime in Thailand, will smash the bases across the border from which the Communist insurgents have operated for nearly a decade. The Communists lost their first "war of liberation" when Chin Peng, the Communist leader, retreated with 600 defeated followers into Thailand at the end of the 19-year emergency in 1960. By 1968 the Communists felt confident enough to embark on a "second war of liberation." The racial riots in Kuala Lumpur the next year spurred their hopes. Infiltration into peninsular Malaysia once again gathered momentum. Malaysian efforts to stamp out this penetration were frustrated at the border. An agreement with previous Thai Governments for cross-border hot pursuit had little effect and bilateral relations deteriorated to a point last year when the Malaysians were ordered out of Betong, in Thailand. But the situation was saved by the military coup in Bangkok last October and a subsequent border agreement leading to two dislodged the 200 Communist of the revolutionary faction of the Malaysian Communist Party in Sadao in the west. These operations were only the prelude to the current offensive conducted with the support of Thai troops in the Betong district of Thailand. The Betong Salient, 200 square miles of hilly jungle, is the bastion of the MCP. About 2,000 of the 3,000 border guerrillas are in the area. Wong said the Communist ranks are mainly Malays under the veteran Rashid Mydin. Malaysian and Thai authorities are trying to exploit the latent suspicions among the Chinese, Malaysians and MCP, and Rashid Mydin's men. For the past week, Malaysian FSE jetfighters and Thai Bronco fighters have been strafing suspected Communist positions to clear the way for the ground

troops whose work will still, by its nature, be slow and gruelling. The jungles are thick, sickeningly humid, dark, and latticed by a deadly network of booby traps. The Thais claim a dozen guerrillas killed and another two dozen injured by aerial bombardment, although no bodies were found. It would be naive to expect many open clashes with the Communists—the guerrillas do not wait to confront an advancing superior force. The Malaysian priority is to sweep the camps and food dumps, and to seal off the infiltration routes. Some of the guerrillas are reported to be heading south, but their commander in Malaysia are unlikely to welcome them, having themselves suffered severe reverses in the past two years. Recently, Tan Sri Ghazali Saadon, the Malaysian Home Minister, revealed that a secret operation carried out by the police over the past two years had broken up the Malaysian National Liberation League (the alias of the MCP) cadres, many of them veterans in the MCP. The Pien, having allowed the Malaysians a fairly free rein

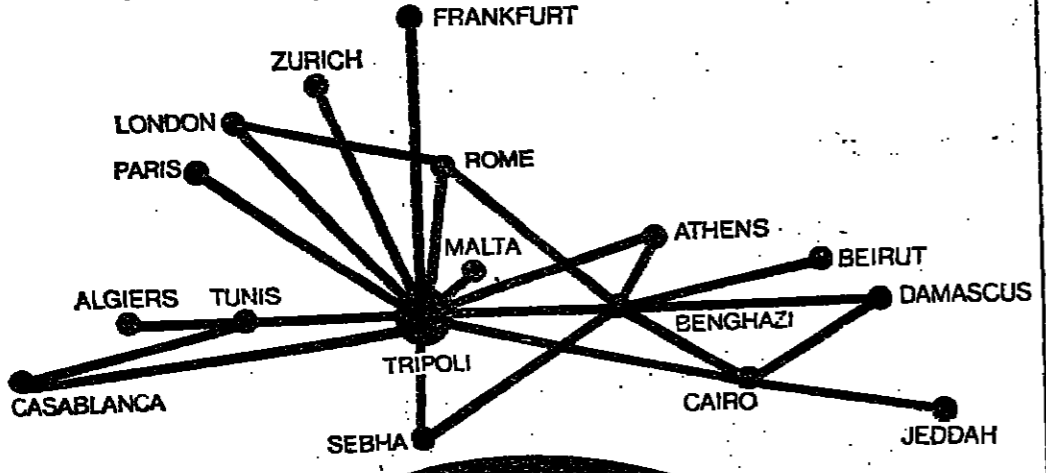


Singapore in the early 1960s, and fled with some cadres to Jakarta when the situation became too hot on the island. The group (leaving the Pien behind in Jakarta) returned to Malaysia after confrontation, and began to build up an extensive underground network in central and south Malaysia. Members travelled extensively using false passports, and took up various jobs to cover their activities. One became so successful a businessman that he was elected to a school board and the local chamber of commerce. The Pien group established motor vehicles points, including a motor shop and a poultry farm outside Kuala Lumpur, where comrades running from the police could seek refuge. Constant contacts were kept with the armed guerrilla force operating in Malaysia. By entering into Wong's stand that they will fight against their own security the Thai Muslim separatists are Malaysia has resisted common threat. separatists are an internal and thus fuelling suspicious that they are interested in fighting Malays. But the Thai claim Muslim separatists have the Communists could get caught 23 in the deal.

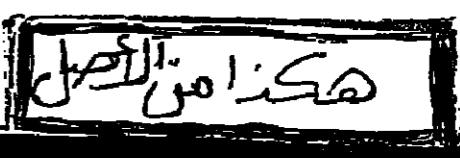
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THE SHAH
of political
Iranians

K. Iranian defence contracts near conclusion

By Herbert Graham
TEHRAN, July 13.

AND Iran are at an advanced stage in negotiating the creation of a joint venture for the production of a number of tanks and defence contracts worth in the region of \$1,000 million. The deals are apparently reworked interest too in 173 not under consideration. They are worth some \$300 million.

Representatives of Yarrow are currently in Tehran negotiating the final stages of their deal. This contract is believed to be of special importance in providing new work to the Glasgow yard. The case was worked out in mid-76 but apparently been agreed in principle, although further negotiations will be necessary before a final contract is concluded.

British defence sales to Iran, which have so far mainly comprised 770 Chieftain tanks, Scorpion light tanks, Rapier and other tracked missile systems, are being discussed in detail over the weekend when Mr. Ron Ellis, chief of defence sales, visited Tehran for two days of discussions with senior Iranian officials. Mr. Ellis is expected to return to the UK on Monday.

The talks on the supply of tank transporters is of particular interest. Last year Iran decided to purchase some 300 new transporters plus an Iranian company.

U.S. allows Algerian gas deal

By Francis Giles
THE FEDERAL Power Commission (FPC) last week approved the application for approval to import over a 20 year period 188,400 cubic feet of liquefied natural gas (LNG) from Algeria to the U.S.

This was the second hearing of the case, which the FPC had approved last April but only on conditions which would, if maintained, had led to the cancellation of the Trunkline Gas Company deal and a string of other contracts signed in the past year or so between a number of U.S. gas companies and the Algerian State oil company, Sonatrach.

The FPC had initially ruled that the clause in the contract allowing for the automatic escalation in the f.o.b. price of gas every six months was unacceptable, and secondly rejected the principle of averaging the price of the more expensive Algerian gas and its cheaper U.S. domestic supplies. The FPC has changed its mind on both counts thus ensuring that the contract between Trunkline and Sonatrach will be implemented.

There is an intriguing point, though, about the outstanding deals between U.S. gas companies and Sonatrach and it lies in the timing of any decision. The FPC is soon to be absorbed in the new Department of Energy under Mr. James Schlesinger. Whether the FPC will get around to any decision on these other deals is open to question. If decisions are left to the new energy department, hearing in mind the current U.S. view on Algeria, approval is likely although it may take some time.

Japan to protest import curbs by Canberra as June sales soar

TOKYO, July 13.

THE JAPANESE Government said it would protest against Australia's decision to restrict imports of foreign cars and ask that the measure be lifted as soon as possible.

An International Trade and Industry spokesman said the Government had not been told officially of the measure, but would not be affected seriously. The Australian Government said yesterday it would restrict imports of fully assembled foreign cars for the next six months on an annual quota basis of 90,000, following a slump in local sales that had caused severe unemployment.

In the year ended June 30 Australia imported more than 100,000 foreign cars compared with 94,000 in the previous 12 months, it said.

The Japanese Ministry said Toyota Motor, Nissan Motor, Toyota Motor, Isuzu Motors and Fuji Heavy Industries exported 63,000 fully assembled cars to Australia last year. Toyota and Nissan also exported 122,000 partially assembled cars.

The Japanese Automobile Manufacturers Association (JAMA) said it regarded the Australian measure as a transitional one to promote development of its domestic industry. Latest figures released here showed Japanese car exports soared again last month in spite of growing foreign criticism of the country's huge trade surplus.

Nissan and Toyota reported rises in June sales only 25 hours after Prime Minister Takeo Fukuda promised to reduce the surplus by stimulating imports. The reports coincided with an announcement that the president of the British Society of Motor Manufacturers and Traders, Mr. David Plastow, was worried by the export rise and wanted talks with Japanese car manufacturers. In a letter to JAMA, Mr. Plastow, who is also group managing director of Rolls-Royce Motors, said he was particularly worried by the increased sales of Japanese commercial vehicles on the British market.

Toyota said it exported 195,118 vehicles in June, up 23.7 per cent. from May and three per cent. above June last year. Nissan, the second biggest

Big fall in S. African sales

JOHANNESBURG, July 13.

NEW CAR sales in South Africa during the first six months of 1977 were the lowest since the first half of 1971, while commercial vehicle sales were the lowest since 1970, according to figures released today by the National Association of Automobile Manufacturers.

January-June car sales totalled 75,775 units, 20.2 per cent. below the corresponding period last year. At 14,282 units, sales during June were only 5.3 per cent. of those in June 1976.

Of the 12 major manufacturers, Ford had the best performance for the half year, with sales of 12,910 units, followed by Volkswagen (12,255), Datsun (9,685) and General Motors (8,805).

Sales of commercial vehicles during January-June were 46,101 units, a drop of 23.4 per cent. from last year's figure of 60,195 units.

Leading manufacturers were Datsun (9,896), Toyota (9,647), Ford (8,225) and General Motors (5,172).

The latest figures are a further indication of the depressed state of the South African motor industry, which is expected to sell around 280,000 units this year, compared with 300,000 units last year and 364,000 in 1975.

The motor manufacturers' consolidated after-tax loss last year amounted to R31.9m. on assets of around R1,100m.

The president of NAAMSA, Mr. Noel Phillips, said recently: "Prospects for the industry are considerably worse than in 1976. The consolidated loss of last year can only be expected to increase this year."

EEC imposes textile quotas

BRUSSELS, July 13.

THE rapidly growing imports into the EEC are from Mediterranean countries which are not party to the multi-fibre arrangements or to bilateral textiles agreements with the EEC.

Other products, notably jeans, to hold down shipments from these countries, if a "sensitive" textile country is to be granted a number of EEC quotas, on all the imports concerned from all the supplier countries affected. The only product to be covered by a Community-wide quota is untreated cotton yarn for the retail market, exported by Egypt.

The quotas will limit exports to Britain of shirts, undershirts, T-shirts and similar articles from Turkey. The quotas set for Turkey will be announced later this week.

The other supplier countries affected are: Egypt, Colombia, India, Malaysia, Morocco, Pakistan, Spain, and Tunisia.

Diplomatic approaches are also being made by the Commission to Cyprus, Greece, Israel, Malta, and Romania, which are being urged to accept similar ceilings on certain textile exports. It remains to be seen whether they will be too quickly in certain EEC markets.

Congressional members from the EEC are from Hong Kong, Korea, and Taiwan. This is because these countries' exports are watching imports to the Community are mostly textile items, covered by self-limitation agreements and because the bulk of

French aid small exporter

PARIS, July 13.

HAS decided on a Frs.250,000 as against Frs.150,000 measures to help small exporters, will now be covered by the Government's scheme to reimburse companies for expenses incurred in connection with preliminary promotion will launch a public campaign to guarantee banking. The tax basis for export financing stocks insurance will be substantially overcome bank re-lowered, while the Government finance small companies to act more efficiently outside France, he said.

M. Ross noted France's the same benefits as invisible deficit on insurance goods as regards runs at Frs.1.8bn. annually at its and support, he present, while on other services there is a surplus of Frs.6.7bn.

Jet engine pact

PAUL DONNE, AEROSPACE CORRESPONDENT

WHITNEY of the world's engine manufacturer signed an agreement with Fiat and Tur of West Germany for the development of a new generation of medium sized aircraft engine, the JT-10D-4.

U.K. was a member of this pact on the engine. For several weeks, a rate of development of a rival power-plant version of the highly successful RB-10D-4, rated at thrust, is designed for the new generation water airlines now development for the also expected to applications.

Under the new agreement, Fiat and Whitney will have \$3.2 per cent. of the programme, with MTU having 12.5 per cent. and Fiat 4 per cent. Fiat and Whitney says with the world's aircraft manufacturers and airlines still considering the size of the next generation of aircraft, the JT-10D-4 development programme remains flexible to ensure it can meet all the likely requirements.

It is claimed this new engine will have a fuel consumption up to 20 per cent. better than earlier jet engines, with a 5 per cent. improvement in noise levels.

Grumman Aerospace Corporation has applied for a Government export licence to sell its E-2C Hawkeye radar surveillance aircraft to European Countries, government sources said.

Order for Costain

International has been made available to Shaikh turn-key contract Rashid al Masala, the Ruler of \$12m. by Marine Umm al Qiwain.

The loan will help finance a terminal at \$5.9m. contract awarded by the of Jeddah, Saudi Ruler to Lilley International, a contract is in subsidiary of P. J. C. Lilley of with the specific Glasgow, for the construction of under the auspices of a wharf as part of the Greek Ports Authority, development in Umm al Qiwain, sport International one of the United Arab Emirates, registered company Commissioning of the project is Manchester Lines scheduled for mid-1978.

This is a further ECGD-backed Saudi foreign currency loan arrangement to be concluded following the Government's announcement has guaranteed a last December of its intention to which Morgan Gren encourage a switch from sterling in behalf of them to foreign currency financing for syndicate of banks, U.K. buyer credits.

Trust Houses Forte give opportunities to school leavers

THF - probably the world's largest hotel, catering and leisure group - is making its contribution to Britain's school leaver problem.

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Communists

HOME NEWS

Top baker refuses to add 1/2p to loaf

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

ASSOCIATED British Foods yesterday threw the bread industry into confusion by informing its customers that it did not intend implementing a 1/2p loaf price rise cleared by the Price Commission.

The trade was fully expecting the maximum price of all loaves to go up to 23p on Monday and the Department of Prices had already sent round details of its plans to increase the statutory maximum price.

But yesterday afternoon, the ABF subsidiary, Allied Bakers, which makes Sunblest bread and is the most profitable of the big three baking companies, announced it was holding its prices at 23p despite being given the Commission's go-ahead for a further increase.

ABF's two main competitors—Spillers-French and RHM—were obviously startled by the news but immediately told their customers that in the circumstances they too would be holding the price at 23p for the foreseeable future.

The baking industry makes, at best, an average of only 1p a loaf. So, by forcing all the major bakers to keep their prices down, ABF may be pushing some baking companies further into the red on their breadmaking activities.

Yesterday, Spillers, which has made a loss on bread for some time, said it was "intensely dis-

pleased" by ABF's action. It would raise its prices as soon as the market allowed. But as no bread manufacturer can allow its prices to rise out of line with those of its competitors, no major manufacturer is likely to increase its prices before ABF decides to do so.

Since the abolition of the statutory control on trade discounts on bread earlier this year, competition in the bread industry, which will today be the subject of a Monopolies Commission report, has become much more intense in terms of price.

Many supermarkets are selling bread well below the statutory maximum price of 23p and the general level of trade discounts has increased significantly since the beginning of the year.

An extra problem for ABF's competitors has been the fact that ABF could not justify such large rises under the code as some other companies.

This had the effect of restraining prices throughout the industry. More recently, however, it has been some of the smaller bakers who have been having problems not exceeding their statutory profit ceilings.

It may have been that even if ABF had raised its prices on Monday, some of these smaller companies would have been unable to do so.

As the existing system of having to justify individual price rises to the Price Commission was coming to an end next month, it would now operate in a more flexible way.

Mr. Garfield Weston, ABF chairman, said that in the circumstances there was "no point in rushing in with a price rise. For the first time in years, the

industry would be free after next month to allow normal market forces to operate.

Since price controls were introduced four years ago, the baking companies have always tried to squeeze as much as they could from the Price Commission under the rules of the Price Code and have frequently criticised the code—and the Government—for reducing profitability.

Recently, they were in a prolonged dispute with the Commission over whether they should be allowed to put up their prices by an extra 1p to reflect the higher cost of discounts, while last year they attacked the Government bitterly for not allowing them to implement a price rise cleared by the Commission.

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'Ridiculous'

ABF said yesterday that 23p was a "ridiculously high" price for bread and was a "meaningless" figure in many areas.

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Beers dearer again on eve of price probe

BY KENNETH GOODING

ANOTHER ROUND of beer price increases is to be implemented only days before the Government receives the Price Commission report on its investigation into beer and pub prices.

The brewers insisted yesterday that they were not trying to push up charges ahead of the widely forecast price freeze.

A spokesman for Whitebread, which is putting up a pint on some beers from July 25, said: "We are not trying to beat any freeze."

It is three months since we had our last increase and we have been putting up prices every three months. The increase is to cover extra cost of materials and services."

At Allied Breweries, the Ind Coope, Tetley and Ansell combine, which is still waiting for Price Commission clear-

ance for a penny-a-pint rise on selected beers, also from July 25, a spokesman said: "In no circumstances can this be considered to be a buffer against a possible Price Commission freeze."

Among the other brewers with applications to the Commission are Bass, Charrington, highest of the beer producers, Courage and Wainey-Truman.

Guinness went up 2p a pint on Monday, and Scottish and Newcastle Breweries made its increases at the end of June.

The Price Commission report on beer is due to reach Mr. Roy Hattersley, the Prices Secretary, on July 31.

Work on the inquiry does not prevent the brewers from making price applications under the present rules if they can show their costs have gone up, or that they are undertaking new investment.

New Sealink excursion to Mont St. Michel

SEALINK is introducing two excursion services to France from Weymouth next week. Called Ailer France, "Sunsetter" and "Ailer France" "Sunsetter" tours, the excursions will run daily to Cherbourg from July 22 to September 3 and each will cost £28.

The price includes a coach trip to Le Mont Saint Michel, a five-course lunch or dinner in France and some other meals. The "Sunsetter" tour provides for a trip to a casino. A voucher, valued at £5 to spend in the shops duty free shops is also included. Special second class return rail

fares are available from many British Rail stations to Weymouth.

The glue, known as cyanoacrylate adhesive, has been criticised as a possible hazard in the home.

Safety moves on super glue

THE manufacturers of an extra-strong, fast-setting glue that can stick fingers together are to issue warning notices and new instructions on safeguards with each packet.

The glue, known as cyanoacrylate adhesive, has been criticised as a possible hazard in the home.

Compulsory teacher pruning likely

By Michael Dixon, Education Correspondent

COMPULSORY RETIREMENT for older teachers considered inefficient, or otherwise surplus to requirements, was fore-shadowed by Mrs. Shirley Williams, Secretary for Education and Science, at Essex University yesterday.

She told the conference of the Council of Local Education Authorities that the Government was preparing regulations for early payment of superannuation benefits "to teachers aged 50 or over who are retired prematurely because of redundancy or in the interests of the education service of their area."

Mrs. Williams added that teachers' unions and local education authorities would be consulted before the regulations were laid before Parliament.

At present teachers retiring early for reasons other than sickness cannot receive accrued superannuation benefits until they are 60.

The new regulations would drop the age barrier to 50, even for staff who retire voluntarily.

But Mrs. Williams indicated that she had in mind a pruning of the teaching force where surpluses of staff existed in several subjects, such as geography and history, with acute shortages in others, such as mathematics, physics and remedial education.

At a time when school rolls were dropping because of the reduced birthrate, the Education Secretary said, policy on employment of teachers must concentrate on their quality, their fitness for particular posts, and above all their adaptability to rapidly changing needs.

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Benson to be new head of NatWest

BY MICHAEL BLANDEN

MR. JEFF BENSON is to take over as group chief executive of National Westminster Bank at the beginning of next year following the retirement of Mr. Alex Dibbs.

Mr. Dibbs has been chief executive since 1972 during a stormy period in banking with early rapid growth followed by the problems of the secondary banking crisis and the clearing bank lifeboat support operation.

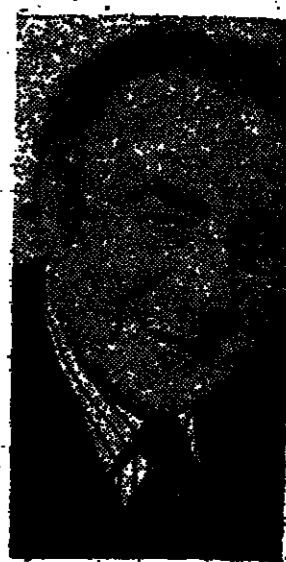
He has set several targets at the bank, joining the Board in 1970 when deputy chief executive in March this year becoming a deputy chairman while still serving as a member of the bank staff.

He will continue as a deputy chairman after his retirement.

Mr. Benson, at present deputy group chief executive and a director of the bank, joined the former National Provincial Bank in Yorkshire in 1959 and after war service continued his banking career in London.

After a period of appointments, he became deputy chief executive in September, 1976, and deputy group chief executive in March this year.

Mr. Tom McMillan, general manager of the related banking services division, has been appointed deputy group chief executive (U.K. business), while Mr. Harold Hitchcock, general manager of the international banking division, becomes deputy group chief executive (international business). Both are directors of the bank.



Mr. Jeff Benson

National Westminster these two appointments reflect the increasing emphasis placed on future plans within the group, partly in relation to the importance of international business.

Mr. Philip Wilkinson, executive of Lombard, Central, succeeds Mr. McMillan and Mr. Eric Carter follows Hitchcock on the interim side.

Lucas to lay off 7,500 due to strike

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

LUCAS INDUSTRIES, hit by a toolroom workers' strike in its third week, announced last night that 7,500 employees would be laid off after the summer holidays on Birmingham area would be partially or completely closed after August 1.

Some 20,000 Lucas employees who supply key components to the vehicle industry are placed at risk by the action of the daily basis

The fact that much of the motor industry also shuts down on Friday for the summer holiday should minimise the immediate effect of any shortfall in Lucas supplies.

Talks between unions and company about the toolroom workers' demand for extra bonus payments broke down.

Adamson Butterley wins £10m. order

BY KENNETH GOODING

THE EMERGENCE of Adamson Butterley, the Norcross subsidiary, as a major force in the U.K. heavy engineering industry, was confirmed yesterday when the company revealed it has won a £10m. order from the British Steel Corporation.

The contract is for a 3,000-tonne-an-hour ore and coal unloader to service ships at the Redcar terminal. It also takes in the bulk-handling coal importation scheme for the same site.

Adamson Butterley won the order in face of competition from two West German groups, Krupp and MAN, and its main English competitor, Clark Chapman.

This year the company expects turnover to reach £50m, making it about the same size as Clark Chapman and bridge division with which it competes.

Yet in 1970 the old Adamson Alliance Company, which is now a major component in the company, was in danger of going out of business before being revived by a new management team.

Just over a year ago, Norcross put together Adamson Alliance and Butterley Engineering to form Adamson Butterley.

The unloader, weighing about 2,000 tonnes and one of the largest and most sophisticated machines of its type, has been designed in conjunction with Dravo Corporation of the U.S.A.

Adamson Butterley signed a five-year licensing agreement with Dravo, which supplied more than 70 ton in the past 30 years.

The BSC order gives an indication of the future direct company will take. The Alliance plant at Telford concentrate on heavy mechanical plant including traditional cranes and lifting equipment.

The latest contract will about 10 months' work for the equipment is to be delivered in April, 1978.

This latest order is a general order for material handling equipment which the company in recent years BSC's Redcar site. Its value will take the value of the company at Redcar more than £20m.

Among the company's contracts were a rapid loading station, coke set crushing plant and furnace distribution system, which has a belt of nearly five miles and is the largest conveyor in U.K.

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FT 14/77

Areas for Expansion
Incentives for Industry

ISSUED BY THE DEPARTMENT OF INDUSTRY
in association with the Scottish Economic Planning Department and the Welsh Office.

Aluminium plant will cost £3m.

By Roy Hedson

A NEW ALUMINIUM melting and casting department is to be built by the Aluminium Corporation at a cost of £3m at its Balaclava Works, near Walsley, Walsley, Walsley, Walsley.

The investment will include two melting furnaces, casting machines and other plant. It will be in production in 1978.

The company has had assistance from the Department of Industry under the development area rules.

Aluminium Corporation, which has operated from Dolgarrig since 1909, employs some 500 people on the refining of aluminium into flat sheets, circles or coils.

The new plant will produce 10,000 tons of products a year. The development scheme will help the company's competitive position and increase its quality control.

Anti-smoking advertisement amended

AN ANTI-SMOKING advertising campaign had to be re-drafted on advice from the Advertising Code of Practice Committee. It was disclosed yesterday.

The campaign, by the Government-sponsored Scottish Health Education Unit, was to have featured pictures of packets of the new cigarettes which contain 25 per cent tobacco substitute under the headline "There is no such thing as a safe cigarette."

The advertisements gave a warning that any cigarettes could be "debilitating and ultimately fatal," and ended with the plea "so don't let anyone talk you into giving up."

But the committee advised against the advertisements on the grounds of "degradation," the unit said yesterday. So they were re-drafted, keeping the original wording, but replacing the picture with a picture of a giant-sized partly smoked cigarette.

Six of the Advertising Code of Practice say: "Advertisements should not unfairly attack or discredit other products, advertisers, or advertisements, directly or by implication."

A spokesman for the Advertising Code of Practice Committee said the original advertisement unfairly suggested the cigarettes were "safe," and people were being "talked into" not giving up.

Pollution 'after M-way opening'

LEAD POLLUTION from exhaust fumes increased after a new stretch of urban motorway was opened, a report by Bristol's environmental health department said yesterday.

The rise in lead levels in soil, house dust and the air, was however, "by no means substantial" and gave "no undue cause for concern at present."

The study of the area bordering the mile-long second phase of the M32 into Bristol, is of national importance because it is the first to monitor the situation before and after an urban motorway opening, the department says.

Views differ on future of U.K. tourism

BY ARTHUR SANDLES

DIFFERING views on the future of U.K. tourism were put forward yesterday when the annual report of the English Tourist Board predicted there would be a growing number of tourists while the annual meeting of the British Hotels and Restaurants Association heard talk of possible declining standards and perhaps falling custom.

Sir Mark Henig, chairman of the English Tourist Board, felt there was still plenty of room for more tourists even in London. But he said the problems caused by the sudden rush of foreign tourists to the capital had to be tackled as a matter of urgency.

"The alternatives of diversion to other gateways must now be considered, for the tourism pressures on London are not typical of the country as a whole."

In most other parts of England, which offer a great variety of attractions for tourists, there is plenty of spare hotel capacity and a wide range of facilities and amenities which are under-used particularly out of the peak summer season.

According to Sir Mark, the Board "is doing its best to encourage much greater tourism; for that will be an element in our future success."

The question of private hotels and Restaurants Association at its annual meeting general return on capital. This is a shocking decline in standards in years."

"Britain was the only country in the EEC which did not have a hotel industry. It is now being allowed to have an industry which is a plague back money, modernisation, extensive re-equipment."

In a field as fiercely competitive as tourism, it is needed Government's assistance there were many destinations "waiting" to take our business.

Water charge likely to rise

WATER CHARGES for 16,000 lock-up premises in South Derbyshire, Nottingham and Coventry are expected to double in the next two years.

A meeting of the Severn Trent Water Authority today is expected to authorise an increase in water charges from the present value to 35 per cent, next year and 50 per cent the following year.

Officials of the authority estimate that together with other charges in mixed lock-up and residential premises — where the water charges are to be calculated on a basis of 65 per cent of rateable value — a total of 20,000 water meters will be installed at their own expense.

As a result, the Severn Trent Water Authority expects to take on extra men for two years and eventually employ more meter readers.

Stamp prices leap upward

RECORD INCREASES in values of classic stamp issues in the 19th century Stanley Gibbons' British stamp catalogue will be published on August 22, 1977.

British Guiana's unique one-cent black on magenta issue in the 1850s sold Stanley Gibbons' British stamp catalogue for £225,000, and the Mauritania "Post Office" 1d orange-red stamp leapt from £100,000 to £225,000.

Lady Clark

LADY CLARK, wife of a former member of the series Civilisation, left Sir John Gielgud's net. She was left a Henry Moore book to the British Museum died in November.

New Brae well enhances field's prospects

BY RAY DAFTER, ENERGY CORRESPONDENT

THE PAN OCEAN exploration group has made an important breakthrough during drilling on its Brae Field in the North Sea.

The rig, Odin Drill, has encountered a thick section of oil-bearing sand which is likely to enhance the prospects for developing part of the Brae structure.

A statement is expected soon, but industry reports suggest that the well—the eighth to be drilled on block 16/7—could prove to be the most successful so far. A testing programme is continuing.

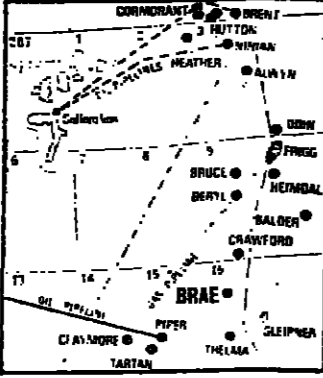
The Brae partners met this week to discuss the field's prospects and it seems that the oil companies will drill another ten wells before committing themselves to a development programme. It is possible that the group will decide to exploit at least part of Brae next year.

The field is one of the most promising in the North Sea. Each well has produced contrasting evidence about the geological structure. In general, however, it has not lived up to the promise of the initial drilling programme when the field was being seen as possibly one of the biggest finds in the North Sea.

The latest well was sunk in the south of block 16/7 in what is earmarked as the South Brae Field. The well is about five miles south of the third hole drilled on the block which discovered the South Brae structure.

Industry estimates suggest that recoverable reserves on this part of the Brae complex are in the 250m. to 300m. barrels range.

The Brae group comprises: Pan Ocean (Marathon), 32 per cent; Bow Valley, 14 per cent; Ashland Oil GB, 6.3 per cent; Ashland Oil Canada, 1.4 per cent; L. L. and E., 6.3 per cent; Sunningdale, 8 per cent; Saga, 4 per cent; Shell, 8 per cent; and British National Oil Corporation, 20 per cent.



Brae Field. The well is about five miles south of the third hole drilled on the block which discovered the South Brae structure.

Windscale objectors under fire

Financial Times Reporter

STRONG CRITICISM of some of the objectors to British Nuclear Fuels' plans to build a re-processing plant at Windscale came yesterday from Mr. Justice Parker, chairman of the public inquiry into the proposals.

Some of the evidence in the inquiry at Whitehaven could cause unnecessary public alarm, he said.

"I am prepared to listen to anything which bears a relation to reality, but I very much hope that I will not be subjected in future to comparisons which have no relation to reality, some of which may have featured in this inquiry and merely alarm the public unnecessarily."

Mr. Peter Mumme, BNFL's director of health and safety, asked by Mr. Justice Parker about comparative health risks, said health hazards in such non-nuclear establishments as fossil-fuelled power stations were "substantially higher" than in nuclear plants.

The inquiry was told that British Nuclear Fuels was seeking information about former employees untraceable through its pensions fund records to increase its data on mortality rates among nuclear workers.

Dr. Geoffrey Schofield, BNFL's chief medical officer, said existing evidence in no way showed health protection standards at the existing Windscale plant to be inadequate.

Health care at Windscale was comprehensive.



A policeman holds up the traffic for three MPs pedalling out to day on machines from the newly-launched House of Commons bicycle pool. They are, from right: Mr. Andrew Bennett (Lab., Stockport); Sir George Young (C., Ealing and Acton), chairman of the All Party Friends of Cycling group; and Mr. Anthony Steen (C., Liverpool Wavertree), group secretary. At a cost of £5 a year, Members can join the pool and borrow one of its 17 bicycles when they wish to pedal about their parliamentary duties.

£8m. loan for Scots plant

By Kevin Done, Chemicals Correspondent

MONTEDISON, the Milan chemicals conglomerate, has secured an £8m. loan from the Finance Corporation for Industry, the bank-backed lending institution, to pay for its share of a plant being built at Stevenston, Ayrshire.

The loan has gone to Montedison's subsidiary Aena (U.K.) to fund its share of the plant, a joint enterprise with Imperial Chemical Industries. It will produce H-acid, an intermediate for dyestuffs, and will have a capacity of 4,000 tonnes a year.

The companies will share supplies of the H-acid. Building is due to be completed by the end of the year. Commercial production is expected to start early next year.

The financially-troubled Montedison group, partly State-owned, is in the U.K. mainly a selling organisation. But it is involved in another joint venture, with Monsanto, on a basis in producing intermediates for synthetic fibres.

The Finance Corporation for Industry is a subsidiary of the Bank of England and the English and Scottish clearing banks.

It specialises in the provision of medium and long-term money to help large companies fund productive investment. As such it is available to foreign companies investing in Britain.

Holst seeks court ban on official inquiry

NORWEST HOLST, civil engineers, complained in the High Court yesterday that the Department of Trade had refused to give its reasons for ordering an inquiry into the company's affairs.

The company could not take steps to rectify the supposed matters of complaint, because it was being kept in ignorance of what they were, said Mr. Stanley Brodie, QC.

He asked Mr. Justice Foster to declare invalid the Department's appointment of two inspectors, Mr. Lewis Davies, QC, and Mr. Thomas Harding, to conduct the inquiry.

The company contended that the appointment was in excess of the Trade Secretary's authority and sought an injunction to stop the inspectors exercising their investigative powers.

The Trade Secretary asked that the company's complaint should be "struck out" as not disclosing any reasonable cause of action and as being frivolous, vexatious and an abuse of the process of the court.

Last November, the company was informed that the Trade Secretary had appointed two inspectors to examine the company's books and documents under Section 109 of the 1967 Companies Act.

"The company was perfectly happy to co-operate with the inspectors," said Mr. Brodie. "The inspectors asked to see documents, and were shown them. They asked for explanations, and the explanations were given. The company had every reason to suppose that the inspectors were wholly satisfied with what they had seen and been told."

Towards the end of December the inspectors went away, and the company thought that whatever it was that had generated their appointment had been satisfactorily explained.

But on March 11, without any warning or prior indication of any trouble, the Minister appointed Mr. Davies and Mr. Harding as inspectors to investigate the affairs of the company, Mr. Brodie said.

The company wrote to the Trade Secretary asking him to disclose the circumstances in which he appointed the inspectors and the evidence on which he based his decision. The Minister refused.

The company replied that the Minister's failure to give any indication of the nature of the alleged offences, or the persons alleged to be responsible for them, seemed hardly just or equitable, and prevented the company from taking effective steps to rectify the supposed matters of complaint.

The Trade Department replied that it was not its practice to disclose to the company concerned details of the information leading to the appointment of inspectors, and that it was advised by counsel that it was under no legal obligation to do so.

The hearing continues to-day.

Call to abolish foreign stock surrender rule

BY CHRISTINE MOIR

A CALL for the abolition of the 25 per cent. surrender requirement on the sale of foreign currency securities is to be made to-night in the House of Lords.

The rule, under which 75 per cent. of the proceeds of sales of foreign stocks attract the investment premium, while the remainder has to be sold at the less advantageous official exchange rate to benefit U.K. reserves, was introduced as a temporary measure in November, 1965.

Now, in view of the EEC move to abolish restrictions on international capital movements by the end of December, Lord Terrington and Lord Cullen are expected to call for the abolition of the surrender rule on all foreign stocks, including those of the former Sterling Area countries.

Alternatively, they may recommend reduction of the percentage from 25 to 10 per cent., arguing the increased volume of business, which the London market would then attract, would more than offset any loss to reserves under the present rule.

The average accrual to reserves in each of the past five years has been £174m. If turnover of foreign stocks rises from the present 15 to 20 per cent. a year to somewhere near the 40 per cent. turnover in U.K. equities (which attract stamp duty at 2 per cent.), Lord Terrington will argue the gain to reserves would be £163m.

In addition, there would be further invisible earnings (from commissions and fees) of an extra £30m. at least, according to Lord Terrington.

Lord Cullen is likely to argue the improvement in the country's reserves at present makes abolition of the surrender rule timely. The call for the reduction of the percentage is supported by the Stock Exchange and is something the Association of Investment Trusts has been urging for some years.

Hazard risk at chemical project, claims expert

PETROCHEMICAL developments in Fife, Scotland, could result in deaths and destruction, a hazard expert warned yesterday.

Professor D. J. Rasbash, of Edinburgh University, was speaking at the Dunfermline public inquiry into Shell/Easo's proposed £400m. petrochemical development at Mossburn and Braefoot Bay.

He believed there was a significant risk of an explosion or a fire of an open flammable gas cloud resulting from leakage or failure of equipment containing liquid carbon gas liquids at Braefoot Bay.

"Such an incident would cause many deaths and much damage. I suggest the risk of this kind of incident should be reduced to such an extent that it should have a probability of occurring less than once in a million years."

"Such evidence as I have indicates the standard of safety may fall well below this level."

He recommended that the companies reconsider their proposal, said Professor Rasbash, hazards expert witness for the main objectors, the Aberdour and Dalgety Bay Action Group.

Football trust loses charity appeal

THE FOOTBALL Association Youth Trust—set up to promote football—could not be regarded as a charity, no matter how desirable the discovery of budding football stars might be, a High Court judge ruled yesterday.

Mr. Justice Walton allowed an appeal by the Inland Revenue against a decision by the Charity Commissioners to register the Football Association Youth Trust as a charity.

The ruling means that the trust, in its present form, is not entitled to the tax concessions enjoyed by charities. The decision is expected to affect the structure of several similar sporting trusts for cricket and rugby football, whose registrations as charities are being held in limbo by the Charity Commissioners.

The judge was told that the revenue had agreed to pay the legal costs of the three trustees named as representatives of the trust—Professor Sir Harold Tompkins, chairman of the FA; Leonard Shipman and Mr. Anthony McMullen.

Giving his decision, the judge said that the Trust was set up in October, 1972, with a £100,000 grant from the FA, to provide educational and sports facilities for pupils at schools and univer-

sities in the U.K.

"It is quite clear that its object is to promote the playing of games and sports, especially association football, and it appears to me that, if that was all there was in it, it cannot possibly be charitable in law," he said.

The trust fund, which is now thought to contain a considerable sum, has been frozen since the legal action was started two years ago. Yesterday's decision means that the trust may have to forfeit the return of tax payments for those two years.

Derbyshire to cut spending

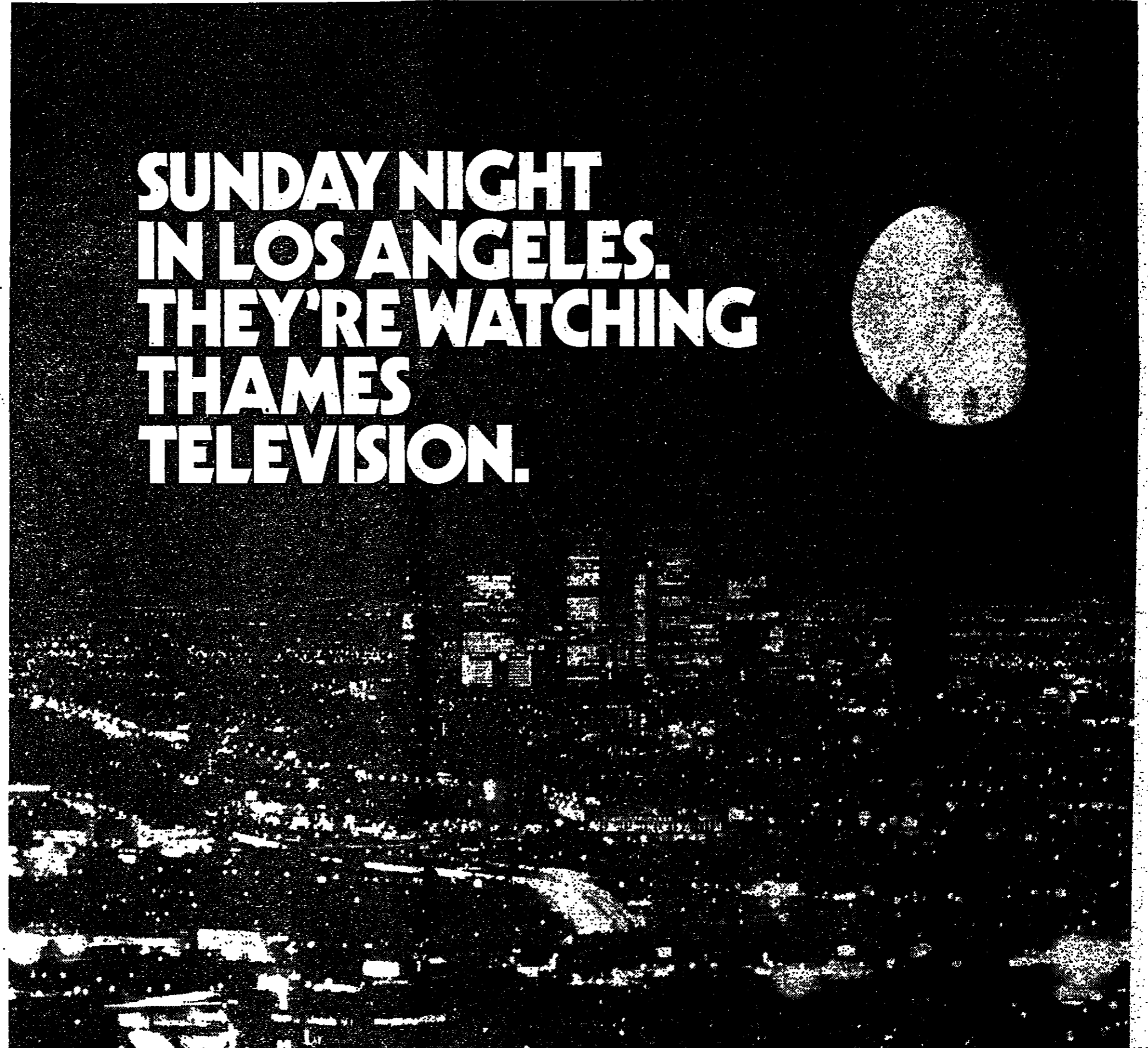
THE NEW Conservative-controlled Derbyshire County Council plans to remove over £2.5m. from this year's rate-borne budget involving the withdrawal or deferral of 25 capital schemes.

Cuts of £1m. are planned in education expenditure, including reduction in furniture and equipment, economies in swimming programmes and on some youth clubs.

Domestic furniture sales up

WESTERN FURNITURE sales in May were 137.3m. according to provisional estimates by the Department of Industry.

The seasonally-adjusted index rose to 146 (1970=100), which is 11 points higher than in April and 10 per cent. below the level



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Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

DATA PROCESSING

Allied opts for a grass-roots answer

THOUGH leading figures in the computing industry, such as Gene Amdahl, have tended to pour cold water on the hopes of the pariahs of distributed data processing, the effect that the current aspiration explosion for the concept is far beyond what can be achieved. This is not preventing some major companies from making the move towards distributed systems.

Latest announcement in this development comes from Allied Bakeries which is to have some £2m-worth of Honeywell computers. These will be installed in a two-tier structure with 44 small machines set up to provide the same number of bakeries with more decentralised control over their own operations, and two very large central computers giving the management better access to up to the minute information on how the company is performing.

One of the system's basic tasks will be to establish a daily order and loading pattern for each of many thousands of delivery vans and shop vehicles, together with the production, despatch and loading summaries.

Much of this documentation has had to be produced centrally. Now it will all be available locally, sharply reducing the time involved.

The Hemel Hempstead system centre will have the responsibility for developing the equipment for the local operations.

Honeywell describes the contract as a classic example of the Distributed Systems Environment to which it formally committed itself earlier this year. All machines should be in and working by the end of next year.

More from the company on 01-565 9191

Changes in Total

CINCOM Systems reveals two developments in Total, the database management software suite which the company claims to be the world sales leader in its class with 2,000 installations worth \$50m.

For IBM users a new release of the software offers standardisation and compatibility for all 380/370 users—the software no longer has to be tailored to suit specific installations. Total can now run under all IBM operating systems.

At the same time the company has announced the availability of a version for the Honeywell Series 60 Level 66 computer. This means that Total is now available for 14 different makers' hardware in 40 operating systems. The Honeywell version will sell at £22,500 or can be leased at £575 a month.

INSTRUMENTS

Portable recorders

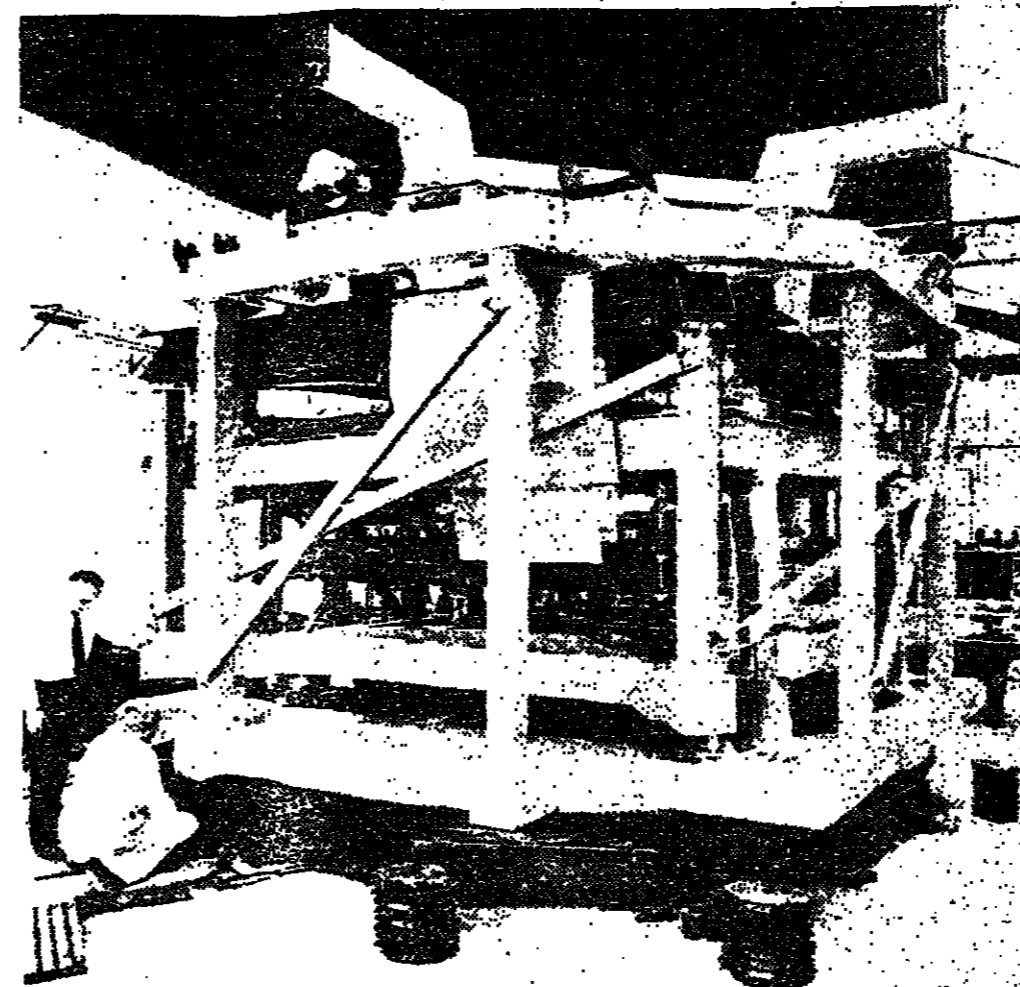
RECENTLY launched by Gould Advance is the 8000 series of recorders which make use of a high contrast thermal writing technique developed by Gould-Alto in France.

Offering a variety of signal conditioning options, the recorders can be used in a wide range of industrial, scientific and biomedical measurement applications. They can be left unattended and also have the advantage of good trace quality at the lowest speeds.

There are six basic models with from one to eight channels with a choice of eight push-button selected chart speeds ranging from five to 100mm/sec.

The plug-in signal conditioners include a true root-mean-square level converter, a thermocouple amplifier with calibrated zero suppression, a simple voltage pre-amplifier, a frequency deviation converter (centred on 50, 60 or 400 Hz) and a dc bridge pre-amplifier.

More about the recorders, which will work in any position and in moving vehicles, from Raynham Road, Bishop's Cleeve, Herts. (0278 35155).



FINISHING

Powder coating car bodies

ALTHOUGH THE British motor industry is not yet making use of electrostatic powder coating for finishing car bodies, the process is gaining ground overseas.

In Japan, Honda 'Civic' car bodies have been primed in a powder coating plant for over three years. Using a DeVilbiss installation supplied from the U.S., production rate is 700 bodies/day. Another DeVilbiss installation has recently been commissioned at the Datsun works where it is being used for finishing coats on commercial vans and pick-up trucks.

The U.K. and German subsidiaries of DeVilbiss are now completing a plant in Sixty which will be used to prime coat Fiat 127 and 131 car bodies. This plant, which will have a maximum production rate of 800

bodies/day, is due to be commissioned when the plant is shut down for the summer holidays. The installation costs about £700,000.

The Fiat plant is based on what is known as the 'inversion' process. The first priming coat is applied by electrostatic powder coating, and this is followed by electrophoretic dip priming. Because it is usual to dip prime first, the method is called inversion coating. The dip priming is used to reach those areas that the electrostatic spray cannot cover, such as the interior of box sills.

The process provides an economic advantage, as the stored electrostatic powder coating repels the dip paint (a more expensive material than powder).

Major disadvantage of powder coating from the motor industry's standpoint is the problem of colour changes. Because powder coating booths are designed to recover almost all the overspray—the economic and environmental advantages of the process—the whole recovery system has to be planned before a new colour can be used. The powder delivery system and the guns are relatively easy to change.

At present the only solutions are either to have a number of coating booths, one for each colour, or long production runs of the same colour. This is acceptable for some industrial applications with limited colour changes and small components, but not for the U.K. motor industry where the cost would be prohibitive. It is understood that Datsun is using the long run approach.

There is an electrostatic coating method which solves the recovery problem. This method was developed in the U.S. by the Ester Corp., and is called the electrodynamic system. It is claimed to be 80 to 95 per cent efficient. Overspray can be col-

lected, but if frequent colour changes are required the small powder loss could be ignored. In this process an ionised cloud of paint particles is generated in a rotating tunnel made of dielectric materials. At present the system is confined to medium sized components in the U.K. For example at Raleigh Industries it is used to coat cycle frames at 15 ft/min, while at Crompton Parkinson a 20 ft/min line is due to come on stream in about two weeks' time which will be coating 10,000 sq ft/hr.

These lines were installed by the U.K. agent for the process, Electropaint, of Lichfield, Staffs. (05432 51481), and it is understood from this company that discussions concerning the design of a line for the motor industry are in progress.

The DeVilbiss U.K. company is at Ringwood Road, Bournemouth, Hants. BH11 5LR (02016 71111).

TONY FRANCE

Network is GKN aim

GKN Technological Centre at Wolverhampton has ordered a GEC 4070-based OPCS multi-access system valued at approximately £38,000. To replace a venerable Elliott 803 which was supplemented by a link to a large machine.

By agreement between the Financial Times and the BBC, information from The Technical Page is available for use by the Corporation's External Services as source material for its overseas broadcasts.

PACKAGING

Big line is assembled

ONE OF THE most advanced packaging lines so far ordered for the U.K. food industry is being assembled by Rockwell Packaging Machines (TT Group) at the Autopack factory in Malvern for the delicate task of filling varied content packs with a high fat content, and thus spoilable, product.

It is a complete bag-in-the-box line which has two vertical bag form, fill and seal machines (Rovema V.150), each with a triple set of Autopack Dialaweight vibratory feed weighers, synchronised with a continuous motion cartoning machine by Restell.

This Dialaweight equipment is suitable for filling many kinds of powdered, granular and piece-type products and can handle



quantities from a few grams up to 6 kilos at speeds up to 75 packs a minute.

The weighers are being put into the line complete with flexure balances and electronic controls.

In this instance they will handle packs from four to 16 ounces. Product will be filled at 55 packs per minute for each of the Rovema form and seal machines and for the first time, so far as vertical bag fill and seal machines are concerned, the 26 microns thick impulse weld-type products and can handle

CALCULATORS

Yet more versatile

THINGS have changed a good deal since Hewlett Packard introduced the 40 lb £4,000 desk-top calculator in 1967.

Ten years of progress in integrated circuits, displays and miniaturisation in general have resulted in an ever-increasing facilities-to-weight ratio so that the latest hand-held machine weighs only 12 oz but is, rather incredibly, equipped with a miniature thermal printer as well as a ten-digit LED display.

The company says it has detected a need for a straight-forward, four-function, hand-held machine with memory, able to give hard copy—in many offices where financial and cash calculations are carried out there is a requirement for the numbers to appear on a piece of paper.

However, many potential buyers will wonder why the calculator facilities are so limited—on the face of it the purchaser will be paying more than £100 for a built-in printer in a hand-held machine.

At the other end of its pre-announced range the company has introduced the HP-92, a desk-top printing calculator which combines full financial evaluation ability with mathematical and statistical functions.

Typical of the machine is its ability to deal with depreciation on a straight line, sum of the year's digits, or declining balance—there is a key for each.

Price is £475.

Also introduced is the 20c scientific pocket machine with 85 fully merged program steps forward, printing calculator which can typically hold 175 where financial and cash calculations are carried out there is a user's program. Data and constants can be similarly held in 18 of the registers. As an added convenience, formulae and changes will wonder why the calculator facilities are so limited—on the face of it the purchaser will be paying more than £100 for a built-in printer in a hand-held machine.

Hewlett Packard is at King Street Lane, Wokingham, Wokingham, Berks RG11 5AR (Wokingham 784774).

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	\$ 44,964	\$ 26,163
UNREALIZED GAINS ON FOREIGN EXCHANGE FLUCTUATIONS	\$ 345	\$ 7,278
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DISCONTINUED OPERATIONS	\$ (400)	\$ 20,398
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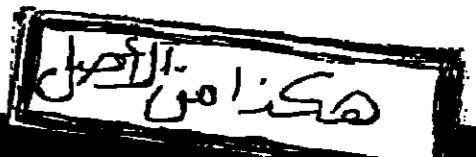


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Anger erupts over attack on Roy Jenkins 'lies'

By Peter Hunt, Parliamentary Correspondent

Anger broke out in the Commons when Mr. Dennis Skinner, the party's former leader, who is now president of the EEC Commission in Brussels, defended Britain's right to safeguard her own interests. He asserted that Britain's performance in the Council of Ministers had been largely misunderstood because of the partiality of the reporting from Brussels.

Starting off the rumpus, Mr. Skinner, MP for Bolsover, said that despite the Foreign Secretary's "starry-eyed endorsement" of the Common Market, recent opinion polls showed that the majority of British people wanted to get out.

He suggested that Dr. Owen should give a message to "that other Euro-fanatic Roy Jenkins." The more Mr. Jenkins made his arrogant speeches in Britain attacking Labour MPs, who had voted against the direct elections Bill, and the more "he lies about the successes of the Common Market," then the more British people would come to understand that he was the man who "lined his pockets all the way to Brussels."

As Dr. Owen tried to reply, Mr. Andrew Fipke (Lab., Warrley E.) intervened with a point of order. Speaking to make himself heard above the hostile jeers of his Labour colleagues, he asked whether it was proper to use the word "lie" in connection with a most distinguished ex-

member of the House who was now serving his country abroad. When the Speaker intervened to say that it was certainly a distasteful expression, he was taken up by another Left-winger, Mr. Eric Heffer (Lab., Walton), who wanted to know why it was distasteful for Mr. Skinner to say that certain people had gone to the Common Market for huge salaries.

Eventually, Dr. Owen was able to observe above the hubbub that made such a statement about somebody who had served the House and country with great distinction. He respected Mr. Skinner's right to hold a different view, but it was improper to use that sort of language and he suggested that he should withdraw the remark.

From the Conservative benches, Mr. James Scott-Hopkins (C, Derbyshire W.), deputy leader of the Tory delegation to the European Parliament, described Mr. Skinner's outburst as contemptible. Mr. Scott-Hopkins maintained that the six months of Britain's presidency of the EEC had not been a success and that the activities of Labour Ministers had lowered the standing of this country.

The Foreign Secretary, however, rejected this allegation and said that he resented it very much. He did not believe that this was the view in Europe.

The Conservative Party and some of the British Press had been totally misled by some of the reporting out of Brussels which had been highly partial and totally geared to the Commission's point of view.

"There is no disagreement whatsoever about our right and duty to uphold British interests," he said. "It is our right and we will do so. We will do so as loyal members of the Community and will disagree from time to time."

He pointed out that Britain's presidency had followed that of some of the smaller countries of the Community. It is natural and inevitable that one of the larger countries inside the Community will tend, on some important issues, to push a point of difference to the limit and others will find it difficult to take. It is an inevitable fact of political life. It had to be remembered that issues such as the Common Agricultural Policy and fisheries were highly contentious in this country and were matters on which much was at stake.

The row over Mr. Skinner's remarks rumbled on with Mr. Christopher Price (Lab., Lewisham W.) pointing out that Parliamentary rules laid down the sort of language that could be used about the Royal family and the judiciary. But he warned that many Labour MPs would be very disturbed if the EEC Commission was added to that list.

Calming ruffled tempers, the Speaker reminded MPs: "We are merely transitory trustees of the good name of the House. We ought to use language that is worthy of the dignity of this House."

Dr. Owen warns on two-party system

A TWO-PARTY system is being introduced in Westminster and will reduce both the Tories and the Labour Party to a mere debating society, Dr. Owen warned in a personal view.

He said that the two-party system was a relic of the past and that the public would be better served by a more pluralistic system.

It was thought that outside changes—and they would be right. In the absence of greater stability and national success, Mr. Pym said that the erosion of support for the two main parties was likely to continue.

"The effect will force us some-how to make that system work again, or to make drastic adjustments to it, or abandon it altogether," he declared.

Tory wants inflation rate posters displayed

By Peter Owen, Parliamentary Staff

A MAJOR publicity campaign highlighting the dangers and evils of inflation in dramatic terms was advocated by Mr. Peter Viggers (C, Gosport), a merchant banker, in the Commons yesterday.

As a first step—but one which is highly unlikely to lead to any further progress in legislative terms—the success of the campaign would be judged by the number of private members' Bills to provide information about inflation.

Mr. Viggers argued that the Government's attempts to talk down inflation had failed and would be achieved by concentrating publicity on the annual rate and its effect on capital and income.

Few people seemed to realise, he said, that the current inflation rate of 17 per cent would result in the value of money, in real terms, being halved over four years.

One of the provisions of his Bill would require posters to be displayed in Post Offices announcing the annual rate of inflation for the current quarter.

Mr. Viggers suggested that the effects of inflation on savings should be brought home to the public by Government warnings to the health hazards of smoking. He wondered whether "Warning: Savings can damage your wealth" might be a suitable cautionary slogan.

Insisting that he was not out to undermine and attack personal savings, Mr. Viggers declared: "My intention is the opposite. I want to restore honesty and elementary common sense to a subject which is widely misunderstood."

Suspensions still abound over role of radio

By Philip Rawston

BACKBENCH MPs of all parties yesterday protested vigorously against any scheme to exclude them from radio broadcasts of the Commons. Nearly 100 signed a Commons motion which stated flatly: "This House will not agree to front bench speeches alone being broadcast."

In the Lords, at the same time, peers anxiously queried the BBC's reasons for broadcasting its present report on the day's Parliamentary proceedings after "Book at Bedtime" as if it were intended for hard-core insomniacs.

The moves are symptomatic of the suspicion and concern with which many politicians still regard the intrusion into Westminster club of radio microphones, let alone television cameras.

"Parliament must come much more into the public eye and ear," Lord Selwyn-Lloyd, the former Speaker of the Commons, declared last year.

But it is one of the historical curiosities of Westminster that while individual MPs actively court publicity, the Commons collectively shows a strange reluctance to expose itself unduly to strangers.

The Government will pay some £200,000—just over half of it to convert premises in the former Scotland Yard buildings for the enlarged BBC team, the rest for the commentary boxes already constructed in the Commons and Lords chambers. The BBC will pay for the annual running costs of some £70,000 and provide a service, at a nominal fee, to independent radio and other outlets.

Until the full facilities are available for a permanent service in February next year, the BBC is prepared to begin a limited service of broadcasts and recordings for television and current affairs programmes from the opening of the new session in November.

The Queen's Speech and the Commons debate that follows were considered to be the right occasion for inaugurating the new service.

But yesterday's events in both the Commons and the Lords again threaten to delay the plans. Peers were assured that the BBC's switching of "Today in Parliament" was designed to produce a better pattern of programmes and did not imply any diminution of the importance of its Parliamentary report.

But while Lord Peart, for the Government, and Lord Carrington, from the Tory front bench, looked forward to live broadcasts, there were renewed mutterings from backbench peers.

Lord Davies of Leek, glaring aesthetically fitted into the centre of the Press Gallery, suggested it would make a better pigeon loft. It is unlikely, however, that the Lords will present any real obstacles now to the broadcasting plans.

The broadcasters are concerned, however, about the effects of the Commons motion tabled yesterday by Mr. Michael English which has attracted so much all-party support.

It is based on misunderstanding, they claim. There was never any intention to broadcast only front bench speeches. But it reflects the anxiety that many MPs have felt about handing over complete editorial control to the BBC and may reawaken some hostility.

The plans to begin broadcasts in November cannot go ahead unless Parliament—and particularly the Commons—debates and approves the proposals in the next two weeks. So far no date has been agreed for this debate, and there is some suspicion that such influential opponents of broadcasting as the Government Chief Whip, Mr. Michael Cook, might be tempted to stall it if backbench opinion appeared to be shifting or uncertain.

Chilean visitors

VISITS TO Britain by four Chilean Ministers drew an angry protest from Mr. Martin Flannery (Lab., Hillsborough) in the Commons yesterday.

Mr. Ted Rowlands, Foreign Office Minister of State, stressed that the visits had been private—not official.

He told Mr. Flannery that they had been visits by four Ministers—the Ministers of Labour, Foreign Affairs, Finance and Mining.

Mr. Flannery claimed there was "deep concern throughout the entire Labour movement" about the matter.

Mr. Ronald Bell (C, Beaconsfield) argued that there were many such visits from Ministers of Socialist and Communist countries "with less than perfect democratic institutions."

Market food prices claim

SUGAR, BUTTER, cheese and beef would be cheaper if Britain was not bound by the Common Market's agricultural policy, anti-market campaigners claimed yesterday.

The Safeguard Britain Campaign also said that Britain now paid more for wheat, barley and maize because of Common Market policy.

Progress

It is now 16 months since the Commons—after a highly successful experiment in radio broadcasting—voted in principle to be heard, though not seen, throughout the country.

The decision marked a major development in Parliament's relationship with the electorate, and a natural step in the progress that began with the opening of the official Press Galleries in the 1930s.

This week, the BBC announced that agreement had at last been reached with the Government over the allocation of the costs

MPs agree to new sentences proposal

GOVERNMENT PLANS for new short, sharp, shock sentences were approved in the Commons last night. Under the proposal, courts could sentence adults to serve a small part of their term in prison and the rest would be suspended.

Calling for MP's approval, Mr. Brynner John, Home Office Minister of State, said criminologists thought the fact of imprisonment was the greatest deterrent, but that sentences should not be unnecessarily prolonged.

He rejected fears on the report stage of the Criminal Law Bill that the system would lead to an increased prison population.

Mr. John said that the new system gave the courts "maximum flexibility."

Mr. Patrick Mayhew (C, Tunbridge Wells) from the Opposition front bench, said: "We see this as an additional weapon in the armoury which the courts can bring to bear in the fight against crime."

But the Opposition would have liked to see some form of supervision for the suspended part of the sentence.

Turning to a Tory proposal

Sit-ins 'best settled at local level'

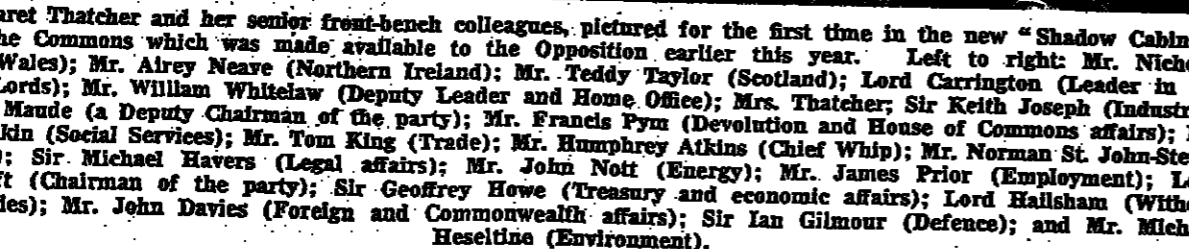
MRS. SHIRLEY WILLIAMS, Education Secretary, has declined to give guidance "from above" to Polytechnics on how to deal with student sit-ins.

Ms. Williams has written to the Association of Polytechnic Teachers expressing her concern about the impact of sit-ins on staff, students and the general public. "But I am convinced that solutions can best be found at the local level by those who have clear and direct responsibility," she says.

The Minister's comments, in a reply to a letter from the association, were repeated in a Commons written reply to Mr. Alan Beith (L, Berwick).

Mrs. Williams said in her letter that she agreed with many of the points the teachers had made about the consequences of the sit-ins for the staffs and students of the institutions involved.

But given that student discipline was a matter for the governing body and director concerned, and that circumstances differed between one case and another, she did not believe that the teachers' call for guidance "from above" was likely to prove helpful.



Margaret Thatcher and her senior front-bench colleagues, pictured for the first time in the new "Shadow Cabinet" the Commons which was made available to the Opposition earlier this year. Left to right: Mr. Nicholas (Wales); Mr. Airey Neave (Northern Ireland); Mr. Teddy Taylor (Scotland); Lord Carrington (Leader in the Lords); Mr. William Whitelaw (Deputy Leader and Home Office); Mrs. Thatcher; Sir Keith Joseph (Industry); Mr. Maude (a Deputy Chairman of the party); Mr. Francis Pym (Development and House of Commons affairs); Mr. Giddin (Social Services); Mr. Tom King (Trade); Mr. Humphrey Atkins (Chief Whip); Mr. Norman St. John-Stevens (Chairman of the party); Mr. John Nott (Energy); Mr. James Prior (Employment); Lord Hallsham (Without Office); Mr. John Davies (Foreign and Commonwealth Affairs); Sir Ian Gilmour (Defence); and Mr. Michael Heseltine (Environment).

Belize talks planned

MR TED ROWLANDS, Foreign Office Minister of State, who is to visit Guatemala soon for further talks on Belize told MPs yesterday that he believed both sides in the dispute wanted to reduce tension and resume the search for a negotiated settlement.

Smith view 'disappointing'

A STATEMENT issued by the Smith Government in Rhodesia on Tuesday about the progress of the Anglo-U.S. settlement talks was disappointing, Dr. David Owen, Foreign Secretary, said in the Commons yesterday.

He said there were conflicts between the statement and reports he had received from Mr. John Graham, of the Foreign Office, and the U.S. envoy to Zambia, Mr. Stephen Loy.

Dr. Owen told MPs he intended going to Washington

Abortion Bill advances

THE BILL aiming to toughen the abortion laws completed its committee stage yesterday after a marathon 88 hours of debate and three overnight sittings.

The Abortion (Amendment) Bill, which would cut the time limit for abortions from 28 weeks of pregnancy to 20, now joins the queue of Bills waiting to be considered by the Commons before the end of the month.

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Its tone is irreverent—but its facts are rock-solid. If you're ever likely to be signing a cheque for a new building, you'll find 'The Professionals' worth its weight in gold. Because, the next time you're talking with one of the professionals, you'll know exactly what he's talking about.

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Programme to keep auditors standards up to scratch

BY DAVID HOBSON



Mr. David Hobson

MOUNTING criticism in the Press and elsewhere in recent months has caused the accounting profession to feel itself to be under fire. Some of these comments have been based on specific remarks by inspectors of the Department of Trade in their reports which have been used as a basis for general and largely unjustified criticisms of the profession as a whole. While it is easy to join in this chorus, I suggest that we should think before raising our voices lest there is over-reaction. Then the cure may be worse than the disease.

There is, in the first instance, a certain lack of understanding as to the role of the auditor and the division between his work and that of the directors of the company being audited. The basic responsibility for preparing annual accounts lies with the directors. The auditor provides an independent report on the accounts which the directors have presented. Specifically, he is required to report whether, in his opinion, the company's accounts give a true and fair view of the state of the company's affairs at a given date, and of its profit or loss for the year. He also has to report that the accounts comply with the Companies Act and to consider whether proper accounting records have been maintained and whether he has had the information and explanations he required.

In 1962 the Jenkins Report recommended that the Companies Act should include a statement of the basic principles underlying the relationship between the directors and their companies, including the duty to observe good faith and to act in the company's best interest and provide financial penalties for breaches of these rules. I regard the omission of this recommendation from the 1967 Companies Act as the most serious defect, one which was not remedied even in the 1976 Act. This may not have mattered in the best conducted companies where there is an experienced board and sound procedures, but in a number of smaller companies, directors, possibly through a lack of understanding of their responsibilities, may have failed to act properly in certain respects affecting the accounts.

Sensing this problem, the Institute of Chartered Accountants, together with the Institute of Directors, published in 1970 guidance on the Financial and Accounting Responsibilities of Directors, but this could only

be a partial palliative for the lack of effective legislation. Besides the fiduciary relationships, it drew attention to the directors' duty to see that the company's business is properly managed and its assets safeguarded and the need to exercise reasonable care in so doing. In the absence of legislation on this subject, there is clearly a need for some Boards to improve their procedures for reviewing the conduct of their business and matters affecting their accounts and it may be that in some cases the establishment of audit committees of non-executive directors or some form of two-tier board helped to develop the independent attitude of mind integrity for which the accountants in this country is respected. Much has been written on the ownership by auditors of the client companies' shares. This encourages such shareholders to include a prohibition on the published internal office rules. Although do not recall any actual where this has been done, I think the revision now being should also include clear prohibition of beneficial ownership by auditors.

Obliged

Second, mandatory standards are being deviated from. The Auditing Practices Committee has been established to prepare of such standards will lie in the future. The planned statement of auditing standards will be sent to the various societies of accountants. They will differ from the standards of other countries. It is not clear whether the Institute of Chartered Accountants has made great efforts to improve and publicise its standards. In practice, it is not clear whether the Institute has started to publish a series of statements on auditing. These have withstood the test of time. For several years, there have been courses on many aspects of auditing in which professional firms have willingly given of their time and resources to provide technical training which is available to all members of the Institute. Typical subjects include computer auditing, quality control of audits and specialist auditing techniques.

Stress

In most cases audits have been completed to everyone's satisfaction. Inevitably, there must be a few where performance has in some way been sub-standard and this risk is always accentuated in times of financial stress. In some cases of company failure, it will be justifiably said that the directors and auditors might have done better. On the other hand, what the public does not see is the number of cases where prompt and helpful advice from the auditors has saved a company which would otherwise have gone into liquidation thereby preserving the business and the employment which goes with it. Besides this contribution to the better presentation and clarity of published financial statements.

The fact remains, however, that in spite of all that has been said and is being done to provide safeguards as to the quality of published accounts and the auditors' reports on them, further steps are still needed to eliminate some of the causes of disquiet and to reduce the risks of further avoidable criticisms.

First, the auditor must be independent and be seen to be independent. He must be professionally qualified and have a sufficiently disinterested position and approach to be able to report what he finds. Independence stems from a number of sources.

The appointment of the auditor by the general body of shareholders and not by the management, and the auditor's duty to report to the shareholders and not to the management, is of great importance in safeguarding the independence of outlook. A further factor in maintaining the position of an auditor is the legal requirement that he should state in his report if he has not obtained all the information and explanations he needed for his audit. This is a source of great strength to the auditor if there is any effort on the part of the directors or management of a company to seek to restrict the scope of his audit. Another aspect is the requirement to communicate on professional matters where a change of auditor is proposed.

These professional requirements are an important factor in safeguarding the auditor in the exercise of his duty as an independent professional man. On the whole they have stood

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Japanese gain rising share of n imports

BY DODSWORTH

THE Japanese share of imports of motor vehicles in the United Kingdom has risen to 30 per cent, compared with 27 per cent in 1976...

RCs sell S. Africa shares

By David Freud

THE ROMAN Catholic diocese of Westminster is to sell all but one of its shares in Consolidated Gold Fields after the failure of talks aimed at changing the group's labour policies in South Africa.

Plan to set up new water authority Commission rejects price rises

BY STUART ALEXANDER

A NATIONAL Water Authority to control strategy and expenditure on water supply and sewerage in England and Wales, should eventually be brought into state ownership and the British Waterways Board as the main proposals in a White Paper presented to the Commons yesterday by Mr. Denis Howell, Minister of State at the Department of the Environment.

mission would be scrapped and replaced by a single body. Local authorities, some of which at present had no say, would be given greater representation.

Commission rejects price rises

Financial Times Reporter

TRUST HOUSES Forte Leisure was one of six companies to have price rises rejected by the Price Commission in June. The leisure company was refused permission to increase some of its charges by an average of 13.49 per cent.

...tells Notts. miners out coal output plans

HOODSON

EGRA, chairman of the National Coal Board, told Notts. miners yesterday that the Board's plan for coal output included more a year from 1978...

Mersey tunnel tolls likely to go up

HIGHER TOLLS recommended by the Government for the two Mersey road tunnels, which are used by approximately 20m. vehicles a year, are outlined in a report to go before Merseyside County Council's highways and tunnels committee next Monday.

Air cleared on all counts

It was found that the company contravened a section on six flights in 1974. Mr. Ian Davidson, Q.C., prosecuting, said existing regulations would be accepted only from an agent properly licensed.

NEWS ANALYSIS - CHEQUE CARDS Limit on raising limit

BY BLANDEN

ANCE until now has been a major system which after its introduction in 1969, raising the limit, has long been a fraction of what was then the limit.

Barclays gave in by introducing a cheque guarantee facility, though in this case the service was incorporated into the existing card.

It was not until later that the banks got together to make their cards effectively interchangeable with a standardised system in 1969, and went international with participation in the Eurocheque scheme, enabling the cards to be used abroad.

Dual purpose

The cheque cards were the only ones provided by most of the banks apart from Barclays until 1972, when they got together with the launch of the Access credit card.

BOND DRAWING

REPUBLIC OF AUSTRIA 8 3/4% Bonds 1990

S. G. WARBURG & CO. LTD. announce that the redemption instalment of U.S.\$3,000,000 due 15th August, 1977 has been met by purchases in the market to the nominal value of U.S.\$2,000,000, and by a drawing of Bonds to the nominal value of U.S.\$1,000,000.

Table with columns of bond numbers and values for Republic of Austria 8 3/4% Bonds 1990. Includes a list of distinctive numbers and a large grid of values.

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exceptional cases the rates are much higher. Among the under 40's a number of the most successful receive £8,000 to £10,000 and again in a few cases the rates are much higher. The people we seek to recruit now must match the best of those in ability so that they will be among the candidates in due course for the most responsible posts in the Partnership.

Applications are invited from men and women in the age group 28-40. A good university degree would be useful but is not essential. For further information and details about the Partnership and its business please write giving your name and address only to:

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All applications must be on our standard application form, a copy of which will be sent with the other papers.

The John Lewis Partnership

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LABOUR NEWS

Bank staffs seek two-way pay pledge

By Nick Garnett, Labour Staff

THE National Union of Bank Employees has opted for a Phase Two pay claim for the English clearing banks...



Leaders of the National Union of Bank Employees who announced the executive's pay policy yesterday. (From left to right): Mr. John Martin, vice-president; Mr. Tony Maughan, president; and general secretary Leif Mills.

and the attitude of the Confederation of Bank Staff Associations. Within the English clearing banks, NUBE represents about 65,000 members...

Grunwick judge at plant

By Our Labour Staff

LORD JUSTICE SCARMAN, heading the court of inquiry into the Grunwick dispute, crossed a peaceful picket line yesterday as he passed through the factory gates...

Journalists reject money offer in closed shop dispute

By Pauline Clark, Labour Staff

NEW EFFORTS to find a solution to the six-week-old newspaper dispute in Darlington received a serious setback last night when leaders of the National Union of Journalists rejected management proposals...

Railwaymen vote to stick by Government 12-month pay rule

By Ray Perman, Scottish Correspondent

THE GOVERNMENT was given hope of salvaging something from its transport policy yesterday when the railwaymen voted for an orderly return to free collective bargaining.

Parker welcomes new transport policy

By Ray Perman, Scottish Correspondent

BRITISH RAIL'S chairman, Mr. Peter Parker, yesterday gave a qualified welcome to the Government's Transport White Paper, which he said, answered some of the railway's demands...

FINANCIAL TIMES JOURNALIST APPEALS

Break caused 'disappointment'

MR. JUSTIN DUKES, general manager and a director of the Financial Times, told an industrial tribunal in London yesterday that it was a matter of "enormous disappointment" when his management had to end the contract of Mr. C. Gordon Tether, who for 21 years wrote the newspaper's Lombard column.

editor told him on July 20 that he intended to maintain an independent Lombard column on the paper to contribute to it. Mr. Tether wrote to him on July 27 saying that he did not regard his dispute as having been resolved and asked him to prevent other NUJ members contributing to Lombard.

Union plan for Unilever to combat redundancies

By Our Labour Staff

THE GENERAL and Municipal Workers' Union is to join with trade unions in Germany and Holland in making individual appeals to Unilever group management for a comprehensive programme of diversification to combat redundancies in the meat industry.

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Advertisement for Yellow Pages: "But it would be better to do it like this." Text describes the benefits of advertising in Yellow Pages, including reaching a large audience and being permanent.

Vertical advertisement on the right edge of the page: "OTHER INVESTORS CAPITAL" and "No more ad... No more ch... million more".

THE FINANCIAL TIMES

(Established 1888)
Incorporating THE FINANCIAL NEWS
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BRACKEN HOUSE, CANNON STREET, LONDON EC4A 3DF

THURSDAY, JULY 14, 1977

A new bomb debate

THE EMERGENCE of the neutron bomb as a weapon almost ripe for deployment has clearly come as a shock to those who do not closely follow defence questions.

The general concern is not surprising: whereas tactical nuclear weapons at present deployed tend to destroy indiscriminately, the purpose of those now under consideration would be to limit the damage—to kill people while leaving buildings and infrastructure intact.

Warning

There are three points, however, which are at first being overlooked. The danger is that while present tactical nuclear weapons may not be specifically intended to kill people, they would in fact do so, if they were used.

The second point is the extent to which NATO is already obliged to rely on tactical nuclear weapons for its defence. That is partly because the balance of conventional forces in Europe is so heavily weighted in favour of the Soviet Union and the Warsaw Pact.

Steady market in housing

THE NET inflow of funds to members of the Building Societies Association fell sharply in June, from £511m. to £304m.—though the clearing banks, in the banking month to mid-June, were still losing term deposits to competitors, among whom they rate building societies as the keenest.

The steps taken by the building societies to smooth out their rate of lending, and so to avoid the alternations of feast and famine which can play havoc with the housebuilding industry, have in fact been reasonably successful.

Mr. Shore, however, is also proposing to stimulate the demand for home-ownership by offering two forms of special Government assistance to first-time purchasers—a bonus on the amount saved and a loan interest-free for five years.

Zbig's foreign policy advice to Carter

By DAVID BELL in Washington

DR. ZBIGNIEW BRZEZINSKI, President Carter's National Security Adviser, is emerging as one of the most powerful men in Washington.

In itself that may not be unusual. Recent Presidents have come to rely heavily on the man who runs the National Security Council. With his office in the White House—in a city where access to the President means power—he has an unrivalled opportunity to influence the broad range of foreign policy.

It was from this position that Dr. Henry Kissinger set out to build his dominant position in the foreign affairs of the U.S. Six months ago at the start of the Carter Administration, there was no certainty that Dr. Brzezinski would come to have the same kind of influence. But it is now clear that he is gaining a far-reaching and distinctive effect on administration thinking, particularly on the Middle East and the Soviet Union.

So far Dr. Brzezinski has been able to stay just out of the full glare of the limelight, but in the past two weeks increasing public attention has been focused on the nature of the advice that he is giving the President.

The Israeli lobby has begun saying openly that Dr. Brzezinski has "captured the President's ear," and that he is the principal inspirer of U.S. pressure on the Begin Government. The Israeli Prime Minister will no doubt be playing especially close attention to Dr. Brzezinski during his visit here later this month.

The Russians blame the steady deterioration of relations between Washington and Moscow on Dr. Brzezinski and his critics are increasingly sceptical about administration optimism that real progress with Strategic Arms Limitation is still possible this year. Late last month a leading Soviet spokesman said that Dr. Brzezinski's views amounted to interference in Soviet affairs and could lead to another cold war.

The real extent of Dr. Brzezinski's influence is not yet widely appreciated even in the U.S. He has not, in public at least, allowed himself to become "Carter's Kissinger."

It is true that both men were born in Europe—Dr. Kissinger in Germany, Mr. Brzezinski in Poland (although he spent much of his childhood in Canada). Both went to Harvard, where Dr. Kissinger in due course became a member of the faculty while "Zbig," as he is often known, went on to Columbia. Both have written extensively and have been full members of the foreign policy establishment which still retains considerable

influence over American foreign policy, and both share a number of assumptions.

There the similarity ends. Dr. Brzezinski takes a very different—and much more optimistic—view of the world and of America's place in it from Dr. Kissinger's. He does not seem to have, or at least has not so far revealed, the same interest in the public exercise of power and influence that Dr. Kissinger so relished.

He has not sought, as Dr. Kissinger did, while he was President Nixon's National Security Adviser to whittle away State Department power. Because the Carter administration has a great deal of talent scattered through it, he is less the "lone ranger" than Dr. Kissinger.

Nevertheless, Dr. Brzezinski has largely—though not exclusively—provided the framework for the foreign policy of the administration. The President, of course, has had an important influence, but it remains the Brzezinski view of the U.S. role in the world that seems to shape that of the administration.

President's ear

Dr. Brzezinski is not a particularly modest man, but he would probably take issue with this assessment: "I do not think that I have captured the President's ear. His views have been very consistent over a long period, and they were made without my whispering into his ear. His views are his own."

His views were first formed in the midst of the Cold War and if his attitude towards the Soviet Union has softened since then he remains wary of the Russians. Soviet society, he has often written is ineffective, excessively bureaucratic and uncreative. The Soviet Union is "not even a rival" for the U.S. when it comes to meeting the aspirations of the people and improving the quality of their life.

So far it can be argued that there is nothing very remarkable in this. What distinguishes it from the Kissinger approach is the next stage of Mr. Brzezinski's argument. He believes that the U.S., having won the technological battle, must now recapture what might be called the ideological initiative and wrest it from the Russians.



Dr. Zbigniew Brzezinski

He argued in Foreign Policy—and continues to argue with passion—that for all its manifest shortcomings the U.S. is "the most attractive social condition (even if not the model) in the world."

President Carter was fond of saying all through his election campaign, the country lost its way in the past 15 years. Vietnam and the various wrenching internal American crises blinded America, to the profound changes in the rest of the world, sapping its confidence.

Now, he believes, that time has passed. A newly confident, and less cocksure, America is ready to engage the Soviet Union on its own ground—peacefully but with determination. Hence the emphasis on human rights in the Soviet Union and elsewhere, and the new attempt to prevent the Russians from stealing an ideological march. He once called this a policy of "peaceful engagement," but he seems not to see it as a contest between equals.

However, Zbig is quick to add that such ideological competition need not, and indeed must not, prevent both nations from co-operating in bringing about détente and in other areas of mutual interests. His critics accuse him of trying to have his cake and eat it, and say that he does not really understand the Russians. Some even suggest that his background as the son of a Polish aristocrat has left him with a dangerous sense of superiority over the Russians.

His view is that his attempt to "experiment with Russian weaknesses," as one of them put it, is fraught with dangers. "He believes that American policy towards the Soviet Union should be mobile, probing and adventurous, and that Russia should be challenged with bold

proposals like far reaching strategic arms cuts. But he underestimates the Soviet ability to hit back," another says.

Indeed, if there is one often repeated criticism, it is that his approach may leave the Soviet Union, and some of the rest of the world, too perplexed and too uncertain. The Administration response, which carries with it perhaps a trace of overconfidence, is that the Soviet Union will have to get used to the fact that this Administration does not fit easily into the ideological categories of the past.

Further it is argued the Soviet Union must also accept that the U.S. is no longer prepared to negotiate in the manner of Dr. Kissinger, as if the world could be safely divided between two great powers. The administration, and particularly Dr. Brzezinski, sees this as an outdated, 19th century approach.

Psychological pressure

Dr. Brzezinski believes that the Russians will reach some kind of strategic arms agreement later this year along the lines of the Vance-Gromyko understanding signed earlier this year. Other administration officials seem to share his view that recent critical statements emanating from Moscow reflect a Russian attempt to apply psychological pressure, which is running up against a considerable American determination not to give way, let alone to panic.

But Dr. Brzezinski is not solely preoccupied with Russia. Indeed he seems to regret not the human rights policy, but the fact that it was immediately

far reaching and bold in sweep. Like them, also, it is where the U.S. wants to go, is less clear about how it is to get there. The policy itself bears a strong similarity to the so-called Brookings plan for the Middle East, with Dr. Brzezinski was closely involved. So far it has succeeded in bringing most of the Arab primers closer to the centre, but has a much less positive effect on Israel.

In essence the Brookings called for the abandonment of the Kissinger step-by-step approach in favour of devising an overall peace plan envisaging substantial withdrawals, but coupled to the need for major concessions on the right of Israel to exist in peace. called for the Palestinians to be given a right of determination.

Negotiating brief

Mr. Vance seems enough to assign the ideas man to Dr. B. leaving himself the executor. Mr. Vance's lawyer by training and inclination and, in any good friend of Dr. B. which makes a split level

Mr. Vance seems enough to assign the ideas man to Dr. B. leaving himself the executor. Mr. Vance's lawyer by training and inclination and, in any good friend of Dr. B. which makes a split level

All the while President remains very much his. He seeks advice from widening group. The of Vice-President Waldale is considered. instance, Mr. Ca acquired ever more domestic political. They have yet to "tuned" in every foreign affairs, but the already displays much assurance in foreign, six months ago.

Neither the President advisers are likely to blindly on Zbig—and not want them to. B. moment there is no policy is different from Dr. Kissinger's and that, it too seems to bear a distinctive Brzezinski imprint.

Like the Salt proposals it is rest of this century.

MEN AND MATTERS

India's man of industry

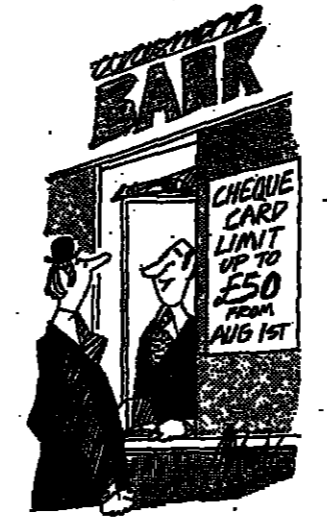
One of the first acts of India's new Janata government was to drop all charges against a man in a move which has sent shudders down the spine of India's industrial establishment. Brijlal has been switched to Fernandes' former job as Minister of Communications. Fernandes' principal contact with industrialists there was at a ceremony to mark the issue of a new stamp commemorating the Golden Jubilee of the Federation of Indian Chambers of Commerce.

Now Fernandes, the populist firebrand, has replaced the conservative Brijlal Verma in the key post of Minister of Industry in a move which has sent shudders down the spine of India's industrial establishment. Brijlal has been switched to Fernandes' former job as Minister of Communications. Fernandes' principal contact with industrialists there was at a ceremony to mark the issue of a new stamp commemorating the Golden Jubilee of the Federation of Indian Chambers of Commerce.

Accounting by letters

Nothing strikes horror more deeply into the heart of the average small businessman than a notification from the dreaded Inland Revenue that they are about to be subject to a "back duty enquiry." Apart from the nail biting and the sleepless nights, it also entails going back through the crumpled accounts, the scribbled-on bills and all the other paraphernalia of long dead business transactions for as far back as six years.

Even at the best of times however "doing the books" is the chore which most small businessmen love to hate most and accountants themselves tell with deeply felt sighs of the gloom which creeps over them when faced with yet another shoebox full of small business accounts to be sorted out for the annual account.



'We're just anticipating the return of free collective bargaining!'

accounting standards are followed. It was, however, a prospect which appeared to daunt them somewhat. They intend to expand steadily and methodically rather than allow themselves to risk "the perils of indigestion."

Moral swings

Moral responsibility comes expensive. The Roman Catholic diocese of Westminster has taken a sizeable loss following its decision to sell all but one of its 11,211 Consolidated Gold Field shares.

Last year the diocese's financial advisers recommended a move out of gold mining shares following the April announcement of the International Monetary Fund gold auctions. The Consolidated shares were accordingly sold in July—for £17,044.

Then however the bishops of the diocese pointed out they were in the middle of long drawn-out negotiations with the company to persuade it to modify its South African labour policies—negotiations which they now acknowledge to have failed.

So, later in July, the diocese bought back the shares for £17,377—and heavily gritted its teeth as the shares sank lower and lower. The sale price yesterday was £15,895, making an overall loss on the transactions of £2,115.

But feeling in the diocese is undismayed. Monsignor Ralph Brown, the vicar general, pointed out, "this is called putting our money where our mouth is. While there is no way our action will make Consolidated a giver, the moral value is of considerable importance. What we lose on the commercial roundabouts we gain on the ethical swings." Amen.

Thompson, and Kalamazoo Managing Director Tom Garnier, seemed to think that their new partnership could well "open the floodgates" as there are over a million small businesses who, they believe, could benefit from the new system— not to speak of the countless hordes of aspirant tycoons in the wider world wherever British



'They gave me back my home, my friends, my whole way of life'

When one has known a certain way of life, and costs look like taking it all away, who is there for like us to turn to?

There is the Distressed Gentlefolk's Aid Association. The DGAA is run by people who understand know that we want to stay in our own homes, surround by our possessions, and close to the friends of a life. So, they help us with allowances and with clothing. Only when we can no longer cope do the DGAA they can offer us a place in one of their 15 Residential Nursing Homes.

The more you can help the DGAA, the more DGAA can do to help others. Donations are urgently. And please, do remember the DGAA making our year.

DISTRESSED GENTLEFOLK'S AID ASSOCIATION

VICARAGE GATE HOUSE, VICARAGE GATE, KENSINGTON LONDON W8 4AQ. 'Help them grow old with dignity'

Observer

ONOMIC VIEWPOINT

BY SAMUEL BRITTON

What not to do about pay



REALLY were true many times before, but each time at a higher rate of both inflation and unemployment. Unfortunately Mr. Healey is busy uttering gibes about the "temporary success" of the "draconian monetary control" in countries where the police are trained in torture "that he did not bother to come to grips with the real arguments. If Ministers sensibly repeat that monetary control is powerless to curb inflation against union power, or that it can succeed only with the aid of torture, then they are in a very vulnerable position when monetary control is the only weapon they have left.

One of the most important short term effects of monetary guidelines is their potential effect on beliefs about prices and therefore on wage claims and settlements. Ministers and their advisers threw away these potential gains by relying entirely on pay policy to influence inflationary expectations and are now left naked with the collapse of that policy.

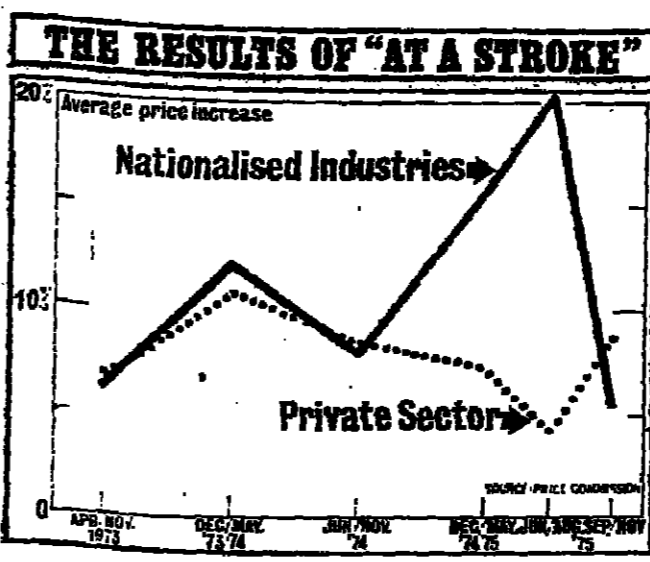
If monetary policy is to be used to control the inflation rate, the first thing to note is that in an open economy such as Britain's, it acts mainly via the exchange rate.

If sterling had been allowed to float upwards when confidence waned a few months ago, talk of a fall in the rate of inflation to single figures would have been far more credible than it now is. It is starting to rise and people expect a sharp fall in the rate of inflation, then there is some hope of reasonably low wage settlements. This in turn makes it feasible to reduce the monetary guidelines with further beneficial effects on the exchange rate, both directly and via confidence.

Conventional economic advisers respond to this line of thought as they would to a visitor from Mars. For them the only question has been whether to peg sterling or to force it downwards to maintain competitive power. (The trouble with unbelieving monetarists is that they tend to be incomprehensible and unsustainable compared to a flexible dollar rate at around \$1.72 and to take advantage of the dollar weakness to secure a 1 per cent sterling depreciation against the average of currencies.)

Basically you cannot teach an old dog new tricks. Now that the trade unions have refused to continue their role of Government policemen (and in so doing struck a blow for freedom, for which we should all be grateful), the Treasury is thinking of pay norms which Government departments would try to enforce.

It has for instance been trying to resurrect the old idea of asking the Price Commission to disallow wage settlements above some limit, thereby bankrupting the firms granting them. It would be difficult to think of anything more disastrous. There is, to start with, the practical difficulty of translating an earnings goal of, say, 10 per cent into a figure for wage rates. Even if this difficulty could be overcome, it would be necessary to have a third year of a rigid norm for all, irrespective of the market situation, confronting the particular firm—a perfect recipe for labour shortages and surpluses side by side.



with whatever majority—that a legacy of State industry spending on schools and hospitals, not to speak of defence, would be out by 10 per cent. If the Government's inflation estimates were out by a tenth, Government attempts to use the public sector as a battering ram to force down the general level of pay have always been a fiasco, ending with a public sector pay explosion. It would be much more sensible, as a first approximation, for public sector pay to rise in line with the general national level, neither leading nor lagging.

Yet another bad idea is consumer subsidies and freezes on nationalised industry prices. It is surprising that more people have not recognised this approach for what it is: a resurrection of Mr. Heath's "at a stroke" policy which his Government belatedly tried in its latter years; Mr. Healey himself pointed out the other day that this left Labour with

figures at their face value. Even what not to do, as most kinds of frenetic Government activity make things worse rather than better. Much the best of the suggestions by Mr. Richard Layard of the ISE to offer wage indexation to unions who settle revenue from a non-indexed tax system; and the sum may even be below 10 per cent, with a threshold related to the real wage prior to the settlement. If the arguments are on balance against its official adoption, it is because Mr. Heath's thresholds—although adopted in very different circumstances—showed the danger that such formulae will be manipulated to underwrite overoptimistic ideas about available real wages. But there is everything to be said for individual employers experimenting on their own responsibility with such ideas. This would be a good deal better than whining CBI letters asking the Prime Minister to do something about excessive wage claims.

There is also an excellent case for cancelling the "conditional" 2p reduction in the basic tax rate. This would not be out of petulance with the TUC or any such nonsense, but simply because basic rate remissions are good for headlines but the worst possible way of reducing the tax burden. They do nothing to alleviate the poverty trap at the bottom and very little to alleviate the surtax trap at the top. Increases in the tax rate, over and above indexation—would do more to remove the incentive to stay on the dole rather than work than any other humane measure of which one can think under the existing system.

No apology is made for concentrating in this article on

THE TAX RELIEF CHARADE

Year	Taken out of tax at Budget	Number liable to income-tax
1967-68	100	1000
1968-69	100	20,010
1969-70	250	20,720
1970-71	425	20,570
1971-72	1,300	20,040
1972-73	200	19,480
1973-74	1,800	19,930
1974-75	140	19,810
1975-76	550	20,530
1976-77	500	20,750
1977-78	450	20,950
1977-78	425	20,855

Total taken out of tax 1967-78 6,940

to curb inflation against union power, or that it can succeed only with the aid of torture, then they are in a very vulnerable position when monetary control is the only weapon they have left.

One of the most important short term effects of monetary guidelines is their potential effect on beliefs about prices and therefore on wage claims and settlements. Ministers and their advisers threw away these potential gains by relying entirely on pay policy to influence inflationary expectations and are now left naked with the collapse of that policy.

Rougher ride

The most important thing of all, however, will be for critics and commentators to keep their heads and not call on the Government "to do something" when the first batch of large headline settlements comes, whether it is the miners' local government manual workers, the power workers or anyone else. One should remember—as I wished I had done in 1972—that there is a very long distance between individual figures for settlements and the average movement of earnings over the whole economy. Dramatic and misconceived intervention is only likely to make for a much rougher ride for all than that which in any case lies ahead.

Letters to the Editor

Common Agricultural Policy

Head of European Ströde's College.

It takes more than a reading of Roy Jenkins' speeches to put together a picture of the Common Agricultural Policy. Mr. Cherrington's column (July 12) seems based on this skimpy information.

Mr. Jenkins said that the final decision of the Commission on the question of membership, and Harold Wilson's agreement to accept it, is necessary in quite an anxious, since it largely determines the way in which the Community will be run. It is through Mr. Wilson's anxiety to hold the Community together that we can see to what extent the gamble it may have made on behalf of its members. None of these benefits are directly available to EFTA and all of them other advantages are less than 25 per cent of those which individual countries could electorally whom rarely achieve alone.

But trade and farming are not the only functions of the EEC. The Yaoundé and Lomé conventions and other agreements have established the Community as one of the most important links between modern Western industrial societies and the Third World. Technical and financial aid and advice are provided on a scale that should prick the consciences of miserly British Governments who gave so little even when times were good.

In such ways the EEC has helped peace, as well as trade, and the search for closer political union by EEC leaders does nothing to weaken this cause. It is not intended, and was never intended, that the European Community should do the job of NATO. Promoting peaceful union and closer co-operation and the gradual elimination of artificial language, legal, social and economic barriers between Members is a positive role. From within, a military deterrent against attack from outside is a negative role and it is this "balance of fear" theory that has sustained NATO and in some ways made the EEC's task more difficult. Whatever else the EEC may be, it is certainly not perfect, but its achievements are positive, its aims peaceful and its benefits more widely evident than critics will admit.

Lionel Cohen
Ströde's College, Egham.

Legal Services Commission

From the Director of the European Movement.

Sir—The anti-market tradition of the Leabard column established by Roy Jenkins is being resurrected by Mr. Cherrington (July 12). He is entitled to prejudices, but surely not statements which are quite contrary to facts.

His claim that the Common Agricultural Policy has raised prices above world market levels had been used to justify not the CAP on British food prices by Professor Timothy Josting and Mr. Simon Harris (July 12), but that while our retail food index rose by 18 per cent between 1973 and 1976, that is over the first four years of our membership, Community policies could only be held responsible for 2.7 per cent of that increase.

On July 9, Mrs. Shirley Williams, MP, pointed out that while in the last 12 months the retail food index rose by 21 per cent, changes due to CAP prices, including Britain's transitional steps, contributed 2 per cent to that, or about half a per cent to the retail price index as a whole. Clearly Mr. Cherrington has not heard of world inflation.

As to direct benefits of membership, Mr. Cherrington seems to ignore the fact that in the first four years of membership, Britain received some £1.5bn in direct grants and loans, and in order to cushion the fall in the value of the pound, the European Community at present subsidises our food imports at the rate of £1m-£1.4m per day.

Mr. Cherrington should, furthermore, ask British exporters whether they share his gloomy judgments of the benefits of membership. Since we joined, our exports to the rest of the Community have risen by 87 per cent after allowing for inflation, whereas our exports to the rest of the world rose by only 49 per cent. A recent estimate shows that if our exports to the Community had grown at the same rate as to the rest of the world, our total export figure would have been £2.2bn, lower than now, at the cost of perhaps 80,000 jobs.

It is time that uninformed critics called a halt to their denigration of Europe and allowed Britain to settle down and make a positive contribution to the development of a democratic Community.

Ernest Wistrich
Europe House
16, Whitehall Place, S.W.1.

It is surprising that those who are in favour of the Community are being very little to explain the role of the regular market. The fact that the EEC has been just at the amount of the EEC's task more difficult. Whatever else the EEC may be, it is certainly not perfect, but its achievements are positive, its aims peaceful and its benefits more widely evident than critics will admit.

Lionel Cohen
Ströde's College, Egham.

My own view is that all of the alarming circumstances referred to above, together with other facts brought out in your correspondence columns recently, are incidents in the drive which is now being made to destroy the position of the independent lawyer in our society. I hope that if that drive is successful, one of the spoils of it will not be to destroy the freedom of expression enjoyed by your columns.

R. C. T. Beech
37, Woodfield Road,
Epsom, Surrey.

Electricity theft

From Mr. F. E. Smith.

Sir—In your newspaper recently there has been comment about electricity and the Theft Act.

May I point out that electricity cannot be stolen, otherwise there would be no need for section 13 of the Act, which provides an offence of dishonestly using or causing to be wasted or diverted any electricity. The penalty is less than that for theft and a section 13 offence cannot be the basis for a charge of burglary, F. E. Smith,
285, High Holborn, W.C.1.

Electricity theft

long ceased to be a matter of Ward v Apex. What has been taking place outside that plant is a well-organised urban guerrilla operation, conducted along the lines laid down by Lambert Marcuse, Regis Debray, and Carlos Marighella in his "Handbook of Urban Guerrilla Warfare". As the urban guerrilla operation at the Sorbonne in Paris in 1968 demonstrated, it is a matter of course that a guerrilla operation automatically involves the use of banks and freights.

In retrospect, it will be seen that by their attitude and involvement in the Greenwich affair a number of grade under-graduates, trade union leaders and Labour Members of Parliament have done what may well prove to be irreparable damage to the image of trade unionism as seen by the general public. I say that as a trade union member for 27 years. I would like to think that I am wrong but I do not think that I am.

John Baker White,
Street End Place, Street End,
St. Casterbury, Kent.

To-day's Events

- GENERAL**
- Balance of payments figures for June.
 - Roy Jenkins, president, European Communities Commission, arrives in London this evening for talks with Prime Minister and senior Government members.
 - House of Commons begins Report Stage of Finance Bill.
 - Dr. Helmut Schmidt, West German Chancellor, ends two-day visit to Washington.
 - Greenwich court of inquiry, Piccadilly Hotel, W.1.
 - Wind-rose public inquiry, Whitehaven.
 - The Queen and Duke of Edinburgh make Jubilee visit to Cleveland and County Durham.
 - Mr. C. N. J. Wilks, controller, Lloyds Bank Business Advisory Service, speaks on "The Problems Facing Small Business" at Covent Garden Enterprises Centre, 53, Earlham Street, W.C.2, 3 p.m.
 - Royal Tournament opens, Earls Court (until July 31).
 - International show jumping, Hickstead, West Sussex (until July 17).
- PARLIAMENTARY BUSINESS**
- House of Lords National Health Service Bill (Lords), second reading.
 - New Towns Bill, third reading.
 - Redundancy Rebates Bill (Commons reasons for disagreement with Lords amendments), Ministerial and Other Salaries Order 1977, Post Office Bill, second reading.
 - Passenger Vehicles (Experimental Areas) Bill (Commons amendments), Location of Offices Bureau (Amendment) Order 1977.
 - Detonators Bill, remaining stages.
 - Motions to approve Agriculture (Miscellaneous Provisions) (NI) Order, Fatal Accidents (NI) Order and Criminal Injuries (Compensation) (NI) Order, Northern Ireland (Emergency Provisions) (Amendment) Bill, second reading. Debate on 25 per cent surrender rule and its effect on London as a major centre for international securities.
- COMPANY MEETINGS**
- Alkins Bros. (Hosiery), Hickley, 12, Avenue Close, Winchester House, E.C.2.
 - Bishopsgate Property and General Investment Trust, 41, Bishopsgate, E.C.2.
 - Boots, 20, Aldermanbury, E.C.3.
 - British and American Film Holdings, 11, Park Lane, W.12.
 - Debenhams, Wigmore Hall, W.12.
 - Feb International, Manchester, 10, 30, Glosop (W. and J.), Halifax, 11, 20, Grant Bros., Croxteth, 4, Hanover Investment Trust, 41, Bishopsgate, E.C.2.
 - Hunting Associated, 118-127, Park Lane, W.12.
 - Inch Kenneth Kajang Rubber, Edinburgh, 11, 45, Locker (Thomas), Warrington, 11, Meacnis (London), 22, Hanover Square, W.1.
 - Parland Textile, Leeds, 12, 20, Queens Most House, Norwich, 12, Streeters of Godalming, Cafe Royal, W.12.
 - Western Motor, Plymouth, 11, 45.
- OFFICIAL STATISTICS**
- U.K. banks' assets and liabilities and the money stock and London dollar and sterling certificates of deposit (mid-June).
- COMPANY RESULTS**
- Dunlop (full year), Imperial Group (half-year), Scottish and Universal Investments (full year).

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The fact that the V8 is in demand in every country in the world and that it surpasses the requirements of pollution control and safety standards wherever it goes demonstrate the magnificent success of these men and the cars that they build. The Aston Martin V8... to drive it is to love it.

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- St. Peter Port Garage Ltd., Rue Du Roi, St. Peter Port, Guernsey CI. Telephone: 0481 24281.
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Distressed and Unemployed

These are the days of the unemployed. It is difficult to understand the Government and are finding it so difficult to agree legislation that would picketing in industry is peaceful and not outside subversive. As Mrs. Thatcher in her Panorama mass picketing can do. The skilled and unskilled workers of trouble will be.

It is difficult to understand the Government and are finding it so difficult to agree legislation that would picketing in industry is peaceful and not outside subversive. As Mrs. Thatcher in her Panorama mass picketing can do. The skilled and unskilled workers of trouble will be.

COMPANY NEWS + COMMENT

Gestetner improves to £15m. in first half

AN improvement in pre-tax profit from £12.01m. to £15.15m. is announced by Gestetner Holdings for the 26 weeks to May 7, 1977, subject to tax of £7.28m., compared with £2.95m. On a current cost basis profit would have been £10.22m. (£8.74m.) before tax up from £4.63m. to £3.35m.

The directors report that the second half of the year has started promisingly but increased manufacturing costs in the U.K. which have recently been passed on in prices to subsidiaries have not during the six months under review, been offset by a fall in the value of the pound and so represent real increases in costs to be recovered by overseas selling subsidiaries.

It is too early to predict the likely effect of this on margins and sales overseas, they add.

For the first half stated earnings are 17.23p basic (13.19p) per 25p share and 12.97p (10.03p) fully diluted. The net interim dividend is stepped up from 1.75p to 1.925p—last year's total was 3.354p and profits £24.22m., a record.

In March this year there was a 0.017216-for-one scrip.

HIGHLIGHTS

Plans for a new Bulmer Holding Company, which will allow a big increase in the dividend, have tended to overshadow the results which are just up to the level forecast. The profits growth at Scottish and Newcastle Breweries is below average for the industry due to a lower than average involvement in the lager market and problems in packaging. Lex also takes a look at the annual report from J. Lyons with the company looking for better results this year on the basis of projected turnover reaching £1bn. Elsewhere Gestetner has turned in better-than-expected figures thanks to stronger volume in the second quarter, but the stability of sterling is likely to dilute the growth in the current half. Christie Tyler has also seen strong volume gains but margins have suffered, dropping by some three points; while at Birmid Qualeast three out of the four divisions appear to have had a rough ride.

The net interim dividend is raised to 2.645p (2.145p) and the directors say they intend to increase dividends as soon as possible. Last year's payments totalling 5,016.9p were paid from record profit of £1.73m.

Butterfield Harvey decrease

DESPITE A midweek advance from £753,000 to £894,000, Butterfield Harvey finished the year to April 2, 1977 with slightly decreased taxable profits of £1.93m. compared with £1.78m. for 1976-77.

Turnover was marginally ahead at £40.7m. against £39.4m.

At the half-way stage the directors said that the reorganisation at the company's Greenwich site may prevent the full year's results from exceeding the record £1.78m. for 1976-77.

They now state that the elimination of losses—combined together with clear evidence of improved results elsewhere in the group, gives them confidence that a substantial advance in profits will be achieved in the current year.

Earnings are shown as 3.5p (3.9p) per 25p share and a final dividend of 1.1008p (1.034875p) makes a total of 2.1008p net, the maximum allowed, compared with 1.908875p.

Profit was struck after interest £380,000 (£423,000). Tax took £197,000 (£221,000) and after extraordinary items the amount attributable came out as £227,000 (£200,000).

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Mr. Peter Balfour, chairman and managing director of Scottish and Newcastle Breweries, who has announced record 1976-77 profits of £35.11m. before tax, compared with £30.94m. last time.

Christie Tyler falls to £2.55m.

WITH TAXABLE profit almost maintained at £1.72m. against £1.75m. in the second half, furniture and upholstery makers Christie Tyler ended the year to April 30, 1977 down from a record £3.19m. to £2.55m. Sales were down to £40.15m. with 14 per cent. rise in volume.

The directors state that the seasonal fall in demand in March and April, 1977, was greater than expected preventing an advance in second half profits. The fall in demand has continued into the current year.

Stated earnings per 10p share were 14.2p (15.5p) restated on capital increased by one-for-two scrip issue. As forecast, the net total dividend is raised to a maximum permitted 4.23045p (equivalent 3.48522p) with a final of 2.53045p, and absorbs £407,030 (£370,028).

Tax took £1.19m. (£1.7m.) leaving a net balance of £1.37m. (£1.4m.).

In a year of almost no progress by the trade the company in-

creased its market share, the directors say.

Volume gains of 17 per cent. in the second half helped Christie Tyler almost reach the level of profits in the previous comparable period. But this was done at the expense of margins which fell from 10.2 per cent. to 7.2 per cent. The group was able to increase its share of the U.K. upholstery market marginally to just about a fifth. But it is doubtful if its policy of buying volume can last in a weakening retail environment. About three-quarters of CT's turnover comes from the 20 largest retail groups whose own volume sales are under pressure. So it is not surprising that CT's volume and margins are down in the current year. The hope now is for some recovery in the autumn and ironically wages boom would help. At this stage the shares are still a gamble at 50p where the yield of 11 1/2 per cent. is covered 3 1/2 times.

Birmid £6.39m. midway

MANUFACTURERS of foundry products, etc., Birmid Qualeast reports taxable profits of £6.39m. for the 26 weeks ended April 30, 1977 compared with £4.83m. for the 26 weeks ended January 31, 1977.

Turnover was up to £103.3m. against £90.5m. due mainly to higher raw material prices and inflation, the directors say.

Following the change in the company's financial year end to October, the pattern of the reported figures varies from previous years the directors say because the period to April encompasses part of the main selling season for lawnmower and irrigation products. For comparison, figures for the 26 weeks ended May 1 1976 were: turnover £91.52m.; pre-tax profit £6.24m.; tax £3.24m. leaving £2.99m.

An interim dividend is announced of 1.35p net per 25p share, against 1.225p. Total for the 65 weeks of 1976-77 was 4.988p paid from profits of £14.55m.

Profit was struck after loan stock interest £228,000 (same). Tax took £3.31m. (£3.52m.) and minorities £1,000. (nil), leaving £3.08m. (£2.31m.).

Profitability has improved in the Wrought and Engineering Products division where the irrigation products group continues to enjoy increased sales, the directors say. On the other hand, lower customer demand for some foundry products, mainly attributable to changes in industrial outputs in the motor vehicle and tractor industries, reduced profits in the Foundries division.

The company has faced another period of strikes in the main selling season. Demand for heating products has remained predictably flat, they add, but the period under review does not cover the main autumn selling season.

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DIVIDENDS ANNOUNCED

Company	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Anglo-Am. Securities Int.	1	Aug. 25	1	2.6	2.6
Associated Leisure	12.28	Sept. 7	2.06	4.18	2.7
Birmid Qualeast	1.35	—	2.14	—	4.9
Bullough	2.65	Sept. 12	1.96	3.18	3.1
H. P. Bulmer	1.08	Sept. 1	1.03	2.1	1.4
Butterfield-Harvey	2.63	—	2.31	4.23	3.8
Christie-Tyler	2.44	Aug. 31	0.65	2.44	2.4
Wolens	1.93	—	1.75	—	3.1
Jacksons Bourne End	Nil	—	1.5	—	2.4
Marling Industries	0.51	Oct. 6	0.47	1.02	0.7
Mears Bros.	0.53	Aug. 12	0.74	—	0.7
New Cent. Wivatesstrand	12.5	Sept. 2	12.5	16.5	17
Polymark	1.22	Nov. 1	0.8	2.44	1.1
Scottish and Newcastle	1.89	Aug. 29	1.77	3.06	2.2
Sheffield Refractories	3.05	—	7.52	3.06	3.06
F. Wrighton	1.08	Sept. 7	1.08	1.08	1.1

Dividends shown pence per share net except where otherwise stated. Equivalent after allowing for scrip issue. † On cap increased by rights and/or acquisition issues. ‡ Gross through \$ On capital increased by a placing of new ord. † For 85 p. ‡ South African cents throughout.

ISSUE NEWS

LSMO shares close with a 14p premium

Dealings in London and Scottish Marine Oil's new shares got off to an active start yesterday when the clear premium established from the very start.

The offer for sale of 8.5m. shares attracted applications for 65m. shares of £152m. last Thursday and any evidence of stinging was borne out yesterday by the level of activity.

Estimates of the number of shares that changed hands varied but Casenove, the issuing broker, was putting a forward figure of 5m. shares sold out of the 8.5m. allotted. The total number of bargains marked in the stock were 473 out of the day's total of 4,853.

Offers at 155p the shares opened the day on a 7p premium at 162p and reached a high point of 171p before easing back to close at 169p, representing a premium of just under a tenth over the issue price.

Meanwhile news came out that The National Iranian Oil Company bought 700,000 shares in BP—the maximum permitted stake for any individual institution in the Bank of England's recent share offering. Dr. Faruq Mina, director of International Affairs, told the Financial Times that NIOC would have liked, if it had been possible, to acquire more shares.

When the question of the sale of Burmah Oil's 20 per cent. stake in BP first arose more than two years ago, Iran put off feelers to purchase the entire stake, but these came to nothing.

BP is the international oil company with which Iran has the closest ties. Last year NIOC and BP formed a joint tanker company, and NIOC, apart from its exploration blocks in the North Sea, is involved with BP in Greenland.

The BP secondary offering sold 26.5m. shares, or 17 per cent. of BP's equity capital. The sale was so over-subscribed that 700,000 shares was the maximum allotted to any bidder.

Corporatic floaters

Leading stockbrokers in corporation loan market today confirmed that they actively looking into the possibility of floating rate bonds, in the current rates and regulatory authorities' an individual institution in the Bank of England's recent share offering. Dr. Faruq Mina, director of International Affairs, told the Financial Times that NIOC would have liked, if it had been possible, to acquire more shares.

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A queue of authorities to bring issues to the stretchers right through year. Although some were dropped out over the past weeks, others are now on the variable rate alternative. News of a floating issue is expected within a matter of weeks. The most likely issue to which to link the coupon would be the £1.5 billion issue. The time span issue is likely to be used to serve year issues, though arrangers may be tempted longer given the reduced rate exposure.

debt, leaving gearing impressively low. No doubt shareholders will get a significant dividend increase when the present restrictions are lifted. Meanwhile, profit estimates for the full year range from £265m. (implying a downturn in the second half) to £30m. (against £26m. last year). Either way the maximum yield of 4 per cent. at 152p (or 8p) is covered six times or more. The prospective fully diluted p/e ratio is 6 1/2 to 3.8. There is room for a higher rating, even though Gestetner still needs to show it can reclaim its former growth rates through more aggressive product development.

tax charge amounting to 37 per cent. of pre-tax profit, and in substantially increased earnings per 5p share of 3.36p (5.32p). On the previous basis earnings would have been up 21 per cent. at 4.14p (3.42p).

A gross final dividend of 2.2785p lists the total to a maximum permitted 4.1223p (3.74785p). If the rate of ACT is changed before the final is approved the net payment of 1.4796p will be adjusted accordingly.

comment

Rising costs cut into margins in the first half at Associated Leisure but price rises and an economy drive restored them for the full year. A 25 per cent. rise in sales represents real growth in the size of the business, with the number of sited machines increasing by 5 per cent. A major feature of the year was the bid for Stanneylands; in the end, AL bowed out of the auction and therefore is still looking for acquisitions in order to become a more broadly based leisure group. The cash in the balance sheet is up 10.3m. to £2.5m. and it cannot be long before another take-over is attempted. Meanwhile AL makes a good return on shareholders' funds and the yield of 12.1 per cent. on the shares at 83 1/2p is attractive.

comment

The 5m. loss in the Greenwich division has obviously undermined Butterfield's results which show a 15 per cent. fall in second half profits. The problems of Greenwich were twofold. The office furniture side suffered from a drop in demand from Government agencies, and the fabrication side hung on for major orders for process plant and sound suppression equipment which in some cases never got started. The management has cut back both divisions quite dramatically and put them on a profitable basis. That established the possibilities for this year look impressive but the likelihood of a bid any day now from Babcock and Wilcox, which purchased a 20 per cent. stake from Sime Darby at the beginning of the month, is overshadowing pure trading prospects. The shareholders come up from 45p at the beginning of the month to 63p, where the p/e is 10.7 and yield is 5.2 per cent., and they cannot hope for anything higher if the bid does not materialise.

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DSM!

without question
one of Europe's great chemicals
and plastics groups

DSM is 75 years old this year and is 50 in The Times 1000 list of Europe's leading companies. Not bad for a group of Dutch coal miners who turned their hand to chemicals and plastics when the coal began to run out and natural gas and oil became plentiful.

As a limited company—with the government as the only shareholder—we have to make a profit just like any other hungry international group. There are no handouts. No lame duck policies. We pay taxes like everybody else. We have to raise our loans in the international money markets of the world.

This year, for instance, we are half-way through our multi-million pound capital investment programme. And this at a time when there is a general down-turn in our industry. A time when investment is remarkably unfashionable.

Our new funds are being spent on new equipment and processes that will take us further into our markets in petrochemicals, fertilisers, plastics, yarn and fibre, feedstocks, rubbers, resins, building materials, transport and clothing.

This should see us well into our next successful 75 years.



There's more to our story. To find out how much write to the Information Department, DSM, Hazelden, The Netherlands.

Your life could be just accounting until you discover us

With us, you'd quickly be part of an expert team dealing personally with clients and working in the friendliest atmosphere. You could specialise in fields as varied as Taxation, Financial Planning, Receiverships, Data Processing or even Management Consultancy. And you might widen your horizons still further with experience not just in our UK offices but also in Europe or other parts of our international network. But you'll need to be good. And have a first class training with good basic experience.

For a life that's more than just accounting, discover us through David Adam, 2 Torrington Place, London WC1E 7JP.

ME All applications should be accompanied by full details of education and career.

Mann Judd
Chartered Accountants

Birmingham · Bolton · Bristol · Burnley · Cardiff · Dartford · Glasgow · London
Manchester · Newcastle · Newport · Swansea · West Bromwich · Wolverhampton

Handwritten note: "سكنا من اللص"

Redemption Notice Electricity Supply Commission

Guaranteed Floating Rate Notes due 1982

NOTICE IS HEREBY GIVEN that there has been selected by lot for redemption on August 15, 1977, and on that date ELECTRICITY SUPPLY COMMISSION will redeem through operation of the Sinking Fund, at 100 per cent of the principal amount thereof together with interest accrued thereon to the date fixed for redemption, \$1,000,000 principal amount of Notes of the issue above designated, bearing the following serial numbers:

Table with columns for Note Numbers with Interest Letters A, B, C, D, E, F, G, H, I, J, K, L, M, N, O, P, Q, R, S, T, U, V, W, X, Y, Z. Includes sub-sections for 'NOTE NUMBERS WITH INTEREST LETTER A' and 'NOTE NUMBERS WITH INTEREST LETTER B'.

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On August 15, 1977 the principal amount of each of the above listed Notes or portion thereof together with interest accrued thereon to the date fixed for redemption will become due and payable in U.S. Dollars, at the option of the bearer thereof or, in the case such Note is registered as principal of the registered owner thereof, either (a) at Citibank, N.A., 20 Exchange Place, N.Y., N.Y. 10005, Municipal Processing Window, 17th Floor, or (b) subject to applicable laws and regulations at the main offices of Citibank N.A. in Amsterdam, Frankfurt/Main, London and Paris, the main office of Citibank (Belgium) S.A. in Brussels or the main office of Citibank (Luxembourg) S.A. in Luxembourg.

For the ELECTRICITY SUPPLY COMMISSION
CITIBANK, N.A.
as Fiscal Agent.

July 7, 1977

Bulmer reorganisation to Qualification benefit members for J. Lyons

A REORGANISATION of the Bulmer Group to improve the management structure will have important side benefits for shareholders. A new holding company, Bulmer Holdings, is to acquire all the existing Ordinary and Preferred capital of Bulmer through a proposed Scheme of Arrangement which is scheduled to be approved by shareholders on September 2.

Dividends of the new company will be free from control for two years and total Ordinary and new Preference dividends amounting to an increase of 141 per cent on the 1976-77 Ordinary dividend are forecast. In addition the Bulmer family interests, which currently hold some 62 per cent of the equity, will be able to dispose of a new Preference share worth approaching £8.5m without diluting the family stake in the holding company.

Bulmer also announces a profit sharing scheme under which up to 5 per cent of pre-tax profits will be used to purchase Holdings shares in the market. Mainly due to a 26 per cent increase in trading profit to £4.73m, and a 27 per cent reduction in interest charges to £0.55m, Bulmer achieved its forecast with £2.8m profit for the 52 weeks ended April 29, 1977. An improvement of slightly more than 50 per cent over the previous 52 weeks.

The trading profit increase arises from U.K. cider sales up by 13 per cent by volume and a general improvement in the world price for pectin; the reduction in net borrowings by £1.7m to £2.5m is primarily due to profits arising from U.K. cider sales up by 17.5p (10.5p). The final dividend is 1.585p for a total of 3.175p (£2.889p), the maximum allowed.

At half-year profit was up from £1.86m to £2.5m. Mr. R. C. Price, chairman, reports that in the first two months of the new financial year cider sales were below those of last year and to some extent less favourable weather conditions are responsible. The market for pectin is extremely difficult to predict the volume of sales for this year but the trend in June gives him hope that the growth rate will pick up again before the end of 1977.

Following the imposition of the excise duty sales growth in the second half was cut back. This reduced the increase for the full year to 13 per cent. In the national cider market volume growth for January to March, 1977, was reduced to about 3 per cent (11 per cent) market share in 1976-77 was extended to 63 per cent.

Sales of pectin in the U.K. rose by roughly 8 per cent in volume in 1977, was a 31 per cent increase in export tonnage. The losses of the cider activity in Australia have continued but they have been partly offset by the profits of the apple juice operation in Tasmania, which has proved more successful than anticipated.

The value of exports increased by 10 per cent to £1.5m, mainly due to the excellent growth in pectin exports and increased sales of cider to West Africa. The proposed Scheme of Arrangement will provide a structure under which trading activities of the group are separated from group and financial control.

The new profit sharing plan will apply to virtually all employees—the existing share purchase and share option schemes will be terminated. The Scheme will create a larger class of Preference share capital with a Stock Exchange listing to enable holders to realise some capital without affecting their present equity.

During recent years there has been a substantial increase in the sales volume of cider and pectin and the directors say it is vital to ensure that the organisation does not become unwieldy. They believe that if future development is to continue with optimum efficiency, a management structure which is clear, relevant and simple must be maintained. The new holding company will fulfil all the normal functions of a group holding company including overall policy and financial control. It will also hold shares in the other subsidiaries of the group.

The auditors of J. Lyons and Co. have qualified the accounts of the group for the 52 weeks ended April 1, 1977, in relation to the treatment of the losses of S. A. Wimpuy (Pty.).

Lyons disposed of half of its interest in S. A. Wimpuy to Bakers South Africa for £1 and in further consideration of their undertaking the responsibility for £200,000 of the preliminary accounts members are told. Bakers also has an option to acquire the remaining 50 per cent by March 31, 1980.

As known, the accounts of S. A. Wimpuy, specially drawn up to August 31, 1976, show accumulated losses of some £2.5m, and for the most part these have not been reflected in the consolidated accounts of the group, and cannot be accurately allocated to specific accounting periods. It is stated.

The remaining 50 per cent interest has been an unquoted investment, it being the directors' intention to divest themselves of the share to the extent to which the losses should be disclosed at the present time.

The directors state that they are unable to satisfy themselves as to the extent to which the losses should be shown as extraordinary losses, and the extent to which they relate to current and previous years. The private anti-trust action against Baskin-Robbins in the U.S. is still in the preliminary stages, say the directors, and they have been advised by American counsel that no prediction can be made of the outcome. Costs are charged in the present account as incurred, they add.

The auditors say that they are unable to form an opinion on whether the action may ultimately have any significant effect on the financial position of the group. As reported on June 30, pre-tax profit for the year under review improved from £7.45m to £10.88m, and the dividend is lifted from 7.38p to 7.57p net per £1 share. Working capital increased by £10.6m during the year, compared with £8.6m.

Meeting, Cumberland Hotel, W., on August 11 at 10.30 am. Statement Page 28 See Lex

U.K. ECONOMIC INDICATORS

Table with columns for 1977 and 1976, and sub-columns for June, May, Apr. Includes rows for General, Unemployment, Unfilled vacancies, Currency reserves, Bank advances, Base materials, Manuf. products, Terms of trade, Retail prices, Wage rates, H.P. debt.

Industrial output (1970=100) Apr. 103.2, Mar. 103.1, Feb. 104.0, Apr. 102.4, Mar. 102.9, Retail sales value (1971=100) 219.5, 215.8, 218.1, 195.3, 188.3

1977 1976

Table with columns for 1977 and 1976, and sub-columns for Jan., May, Apr., Mar. Includes rows for Trade and Industry, Steel weekly average, Imports, Exports, Visible trade balance, Cars, Commercial vehicles, Man-made fibres, Bricks, Cement, Furniture, Houses completed, TV sets, Raw cotton, Petroleum, Radios, Hosiery, Washing machines, Engineering orders, Raw wool, Machine tools, Electric cookers.

Consumer spending (Ebn. 1970 values) 8,740p, 8,955p, 8,876p, 35,571p, 35,413p, Motor trade turnover (1972=100) 202, 175, 166, 174, 143, Building and civil engineering (Ebn.)e 3,068p, 3,246p, 2,963p, 3,321p, 2,902p

* Production. † Deliveries. ‡ Net sales. § Consumption. ** Seasonally adjusted. †† All manufacturing industries. ‡‡ Excluding car radios. ††† Deliveries, U.K. made and imported sets. †††† Prices. ††††† Including cooker griller toasters. †††††† Value of output. ††††††† United Kingdom not seasonally adjusted. †††††††† Preliminary estimate. ††††††††† Provisional figures. †††††††††† Deliveries of petroleum products for inland consumption. ††††††††††† From March 1977 figures will exclude cookers under 5 kilowatts.

Inveresk Group

ANNOUNCEMENT OF INTERIM RESULTS

The Directors of Inveresk Group Limited announce the following unaudited consolidated results for the 24 weeks ended 11th June, 1977.

DIVIDEND ON ORDINARY STOCK
The Directors have declared an interim dividend in respect of the year ending 31st December, 1977, of 1.375p per Ordinary Stock Unit (1976—1.25p). The cost of this dividend (including ACT) will be £337,712.

Table with columns for 24 weeks to 11th June, 1977 and 24 weeks to 12th June, 1976. Includes rows for External Sales, Operating Profit before depreciation, Depreciation, Operating Profit after depreciation, Interest and Dividend Income, Less: Interest payable, Profit before Exceptional Items, Exceptional Items, Profit before Taxation.

Notes:
1. The 1977 figures include the results of Legend and Smiths (Holdings) Limited and its subsidiaries which were acquired on 8th August, 1976.
2. Exceptional Items

Comments on the Interim Results
The improved trend in the general level of the Group's activities which first became evident in the last quarter of 1976 and continued during the first quarter of this year has been maintained. Profit margins, particularly in the paper and board manufacturing activities, have shown a slight improvement, partly attributable to a small reduction in the costs of imported raw materials reflecting the improved exchange value of sterling. The results for the full year will obviously be influenced by both the level of economic activity in the United Kingdom and the ability of the government to control inflation. The Board considers that the Group is in a good position to take advantage of any opportunities to increase the level of its trading activities.

RIGHTS ISSUE
The Directors have decided to issue 4,148,974 new Ordinary Shares of 50p each by way of rights at 53p per share payable in full on acceptance. The net proceeds of the issue will amount to approximately £2.1 million and will be applied primarily in financing the Group's capital investment programme which has been substantial in recent years. Subject to admission to the Official List, it is intended to despatch on 15th July, 1977, letters setting out details of the issue to Ordinary Stockholders.

Tuesday, 12th July, 1977
Inveresk Group
Issued from Clan House, 19 Tudor Street, London EC4Y 0BA.

Christie-Tyler Limited
Year ended 30 April
1977 1976
TURNOVER £'000 £'000
40,154 32,177
PROFIT BEFORE TAXATION 2,553 3,189
TAXATION 1,187 1,700
PROFIT AFTER TAXATION 1,366 1,489
Dividend per Ordinary Share
Interim (paid) 1.6p 1.53p
Final (proposed) 2.63p 2.31p
Earnings per Ordinary Share -14.2p 15.5p
* Sales up 25% in difficult year for furniture trade.
* Second half profits over double first half.
* Financial position remains strong.

Christie-Tyler Limited
Brynmenyn, Bridgend, Mid Glamorgan.
First in Furniture

20th Anniversary in London

STATEMENT OF CONDITION

Table with columns for June 30, 1977 and December 31, 1976. Includes rows for ASSETS (Cash in Hand and Due from Banks, Thai Government Securities, Foreign Government Securities, Other Thai Securities, Other Foreign Securities, Bills Receivable, Loans and Advances, Bank's Premises and Equipments, Other Assets) and CAPITAL AND LIABILITIES (Deposits and Other Accounts, Share Capital Fully Paid Up, Reserves, Undivided Profits).

Bangkok Bank Limited
(Incorporated in Thailand)
Bangkok, London, New York, Los Angeles, Hong Kong, Tokyo, Osaka, Taipei, Singapore, Kuala Lumpur and Jakarta.

Record £0.15 for Sheffield Refreshment

After a contribution of £22 at half-year, compared with £12 at the end of the year, Sheffield Refreshment has improved from £56,319 to £78,478 for the year ended March 31, 1977. Earnings per 25p share shown up to be up from 15.5p to 22.92p, and the net dividend raised from 7.52p to 8.52p. Working capital increased by £10.6m during the year, compared with £8.6m.

Mears Bros. ahead at halfway

Pre-tax profit of civil engineering and building contractors Mears Bros. rose from £2 to £200,000 for the six months ended March 31, 1977, compared with £200,000 for 1976-77. The net profit for 1976-77 was 1.78p paid record profits of £916,000.

Jacksons of Bourne End passes final

After a midway loss of £70,000, Jacksons of Bourne End turned in a trading loss of £26,000 for the year ended April 2, 1977, compared with a profit of £38,000. The directors state that results improved in the second half, but excess trading conditions, notably in the board mill, remain difficult.

Polymark at peak £741,000

PRE-TAX PROFIT of Polymark International for 1976 rose from £268,000 to a record £741,000 after £269,000 against £220,000 at half way. Turnover was ahead at £9.9m compared with £7.2m.

Record £0.15 for Sheffield Refreshment

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All of these securities having been sold, this announcement appears as a matter of record only.

New Issue / July, 1977

U.S. \$100,000,000

Canadian National Railway Company

(Wholly owned by the Government of Canada)

8 3/4% Sinking Fund Debentures Due 2002

Interest payable January 1 and July 1

Principal, premium, if any, and interest on the Debentures are payable in The City of New York in lawful money of the United States.

Salomon Brothers Greenshields & Co Inc McLeod, Young, Weir, Incorporated

- | | | | |
|--|---|--|---|
| Kuhn Loeb & Co.
Incorporated | The First Boston Corporation | Goldman, Sachs & Co.
Incorporated | Merrill Lynch, Pierce, Fenner & Smith
Incorporated |
| A. E. Ames & Co.
Incorporated | Bache Halsey Stuart Inc. | Blyth Eastman Dillon & Co.
Incorporated | Burns Fry and Timmins Inc. |
| Dillon, Read & Co. Inc. | Dominion Securities Inc. | Drexel Burnham Lambert
Incorporated | Hornblower, Weeks, Noyes & Trask
Incorporated |
| E. F. Hutton & Company Inc. | Kidder, Peabody & Co.
Incorporated | Lazard Frères & Co.
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Incorporated |
| Loeb Rhoades & Co. Inc. | Paine, Webber, Jackson & Curlls
Incorporated | Reynolds Securities Inc. | Wertheim & Co., Inc.
Incorporated |
| Smith Barney, Harris Upham & Co.
Incorporated | Warburg Paribas Becker
Incorporated | Wertheim & Co., Inc.
Incorporated | UBS-DB Corporation
Incorporated |
| White, Weld & Co.
Incorporated | Dean Witter & Co.
Incorporated | Wood Gundy Incorporated | Nesbitt Thomson Securities, Inc.
Incorporated |
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| EuroPartners Securities Corporation | Robert Fleming
Incorporated | Kleinwort, Benson
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Incorporated |
| Nomura Securities International, Inc. | Scandinavian Securities Corporation | SoGen-Swiss International Corporation | |
| Yamaichi International (America), Inc. | | New Japan Securities International Inc. | |

BIDS AND DEALS

Hawker agrees £14.7m. offer for L. Gardner

Hawker Siddeley looked set last night to achieve a successful takeover of L. Gardner and Sons, the Manchester-based diesel engine builder, with an agreed bid of £14.7m.

The offer price of 540p a share compares with a price of 220p when the shares were suspended on Monday following the announcement of talks between the two companies. The Gardner Board, along with other shareholders who in total account for 43.3 per cent. of the equity, have agreed to accept the terms.

An alternative offer of Hawker Siddeley shares of approximately equal value to the cash offer will be made to Gardner stockholders.

On paper these terms will give Rolls-Royce Motors a healthy profit on the shares it acquired in Gardner a year ago. The motor car and diesel engine company holds almost 17 per cent. of the Gardner equity acquired at about 100p a share.

Mr. Ian Fraser, the chairman of Rolls-Royce Motors said last night that the group will look at the offer with interest. "We are looking at what we might do. We could accept, we could do nothing or possibly do something, but it is far too early to say what we are going to do."

In a joint statement yesterday, Hawker and Gardner emphasised that the diesel engine business would continue to operate from its present location as a separate entity within the Hawker group. No redundancies are expected as a result of the takeover.

The statement adds that the Gardner range of engines, aimed at the commercial vehicle market, is complementary to Hawker's own diesel products. It goes on: "The directors of Hawker Siddeley and Gardner are confident that Hawker Siddeley group's financial strength, production experience, and world-wide export organisation will be of significant assistance in the continuing development of the business."

Gardner also stated that management accounts for the five months to the end of May this year show profits before tax of approximately £1.2m. compared with £335,000 for the first six months of last year.

The offer is dependent on the deal not being referred to the Monopolies and Mergers Commission.

APPROACHES TO MAJOR COLTNESS SHAREHOLDERS

Approaches which may lead to a takeover bid for the Coltness Group have been made to the major shareholders.

In a statement yesterday the company, which manufactures industrial fasteners and bricks, said that it had been informed of approaches to certain major shareholders which may lead to discussions with the Board regarding a general offer to all shareholders.

Significant shareholders include Melville Street Investments (Edinburgh), a wholly owned subsidiary of Bank of Scotland Finance Company, which owns 9 per cent. of the shares. The chairman and chief executive, Mr. Eric Gibbons, also owns 28.9 per cent. through his ownership of Midlands and East Anglia Finance.

MEAF was reported in the last year to be the Coltness Group to be involved in a contract with investment and finance company, which has £79,000 on deposit with MEAF.

Over the past two trading days the shares of Coltness have risen by 15p to 82p.

SHARE STAKES

Echro Holdings: Mr. F. Zwanzburg (director) has disposed of 100,000 shares out of his holding of 177,000.

Longbourne Holdings: British Indian Tea holds 79,088 Ordinary shares and 36,000 preference, £24 per cent. and 21.05 per cent. respectively.

General Electric Company: Sir Kenneth Bond (director) sold on July 6 3,231 shares at 199p.

Pennine Motor Group: Mr. G. Tapscott, chairman, has sold 25,000 shares. Barclays Nominees (M and G Group) hold 625,000 shares.

James Grant and Company (East): Miss R. S. Oppenheim has acquired 43,333 shares, making total holding 213,333.

James Dawson and Son: Mr. E. H. Tutty and Mr. C. J. M. Blackie have ceased to have an interest in 108,039 shares on termination of a trust. Shares were held jointly with another as trustee. Consideration nil.

Empire Plantations and Investments: Single Holdings has acquired a further 97,500 shares making total holding 617,500 (10.48 per cent.).

Reckitt and Colman: Mr. A. C. O. Havers (director) has acquired a beneficial interest in an additional 1,432 shares as an executor of an estate in which probate has been granted.

Embury Brewery: Britannic Assurance is interested in 500,000 shares (7.49 per cent.).

English and Scottish Investors: Prudential Group has bought a further 10,000 shares making total 7.04 per cent.

Stanley Gibbons International: Mr. Bernard Kelly has bought a further 1,500 shares making holding 3,500.

Pilkington Brothers: On July 11 Lord Pilkington and Dr. Lawrie Pilkington (director) ceased to have non-beneficial interests in 18,000 shares at 290p.

Cette: Havers previously reported sale of 25,000 shares by Mr. J. S. Llewellyn on June 23 did not take place due to an error on the part of his stockbrokers. However, 25,000 shares were sold on June 30 with a further 10,000 on July 1 and 10,000 on July 4.

Pilkington Brothers: Mr. A. C. Pilkington in his capacity as trustee has sold 780 shares at 385p.

WOLVERHAMPTON DIE CASTING

The Mitchell Somers offers for the Ordinary and Preference shares of Wolverhampton Die Casting have become conditional as to acceptances and will both remain open.

Acceptances have been received in respect of 2,897,893 Ordinary shares, (25.28 per cent.) of the 11,463,000 shares in issue. The offer price is 150p per share.

Acceptances have been received in respect of 204,031 Preference shares representing 89.59 per cent.

Jokai Tea Holdings is making an improved bid for the 150,624 shares of J. S. Jokai (director) of the company, which does not own.

Jokai will now offer one of its Ordinary shares plus a cash payment of 60p. Every two shares in issue will be offered with all-cash alternative amounting to 150p per share.

Jokai shares last night closed up at 220p, putting a value of 149p on the share-and-cash offer.

SINGLO/PURBECK

Shingo Holdings announces that acceptances of the offer for Purbeck Group have been received in respect of 158,777 shares. The number of shares held before the offer amounted to 182,000 and the number acquired during the offer period by conversion amounts to 23,223. The offer has been extended and remains open for acceptance until July 19.

ASSOCIATE DEALS

Moy Vandervell has purchased on behalf of Cornhill Group and associates 3,000 Purbeck at 80p.

J. Henry Schroder Wagg has bought 15,000 Charter Consolidated on behalf of associates at 115p.

De Zoete and Bevan has bought 25,000 Empire Plantations and Investments on behalf of Single Holdings.

Rowntree's French expansion

Rowntree Macintosh, British confectionery group, become the largest chocolate manufacturer in France as a result of a bid announced for the Chocolaterie Larvin SA, an established confectionery company based in Dijon. The management recommend the bid and say that shareholders controlling some 60 per cent. of the company have already said they will accept it.

Rowntree is offering Frs70 shares for the share capital of 44,000 shares making a total chase price of Frs16.3m, roughly £1.2m. Its offer is conditional on a go-ahead from Government and exchange controls in France and the U.K.

Larvin's prime asset is a equipped factory built in 1950. The company's sales are currently running at about Frs120m. (£9.4m.) and it has about 2,000 employees. These will be added to Rowntree's existing business in France which recorded sales of about Frs2,500m. in 1976. Rowntree already owns two French confectionery companies, Chocolaterie Thibet and St. Chocolatier.

If this new acquisition through France will be a major factor in Rowntree's national business this year.

CRANE FRIEHAUF

The Monopolies Commission report on the unwarranted bid of U.S. Frieuhaut Corporation for Crane Fruehauf, which was made in July 8, has now been sent to the Secretary of State for Price Consumer Protection. No decision has been set for publication, so it is unlikely to be for several weeks. The Fruehauf, which already a 90 per cent. of Crane was the Commission last November.

FENTON HILL

Fenton Hill International, to many as Hills Airport, has acquired Fasset and J. S. Fasset and Johnson's and the Mupper Show tolls.

STOCKHOLDERS

Stockholders Investment holding of 272,005 Land Aberdeen Investment deferred Ordinary shares (100 per cent. of the deferred shares) has been placed by Govett.

The sale has been to avoid the possibility of acquiring a holding of shares as a result of the distribution in liquidation of London and Aberdeen to shareholders of £3.55 per share.

GESTFETNER HOLDINGS LIMITED

The Directors today declared an Interim Dividend in respect of the financial period ending 30th November 1977 of 19 cents per share, payable to 6th September 1977 to dividend shareholders registered at the close of business on 5th August. Shares will be allotted on 19th August to Capital share and despatched on 9th September.

Bearer holders should lodge coupons 104 with Barclay Limited (Securities Services Department), 54 Lombard Street, London EC3P 3AH. Dividend shareholders should lodge clear days before 6th September for dividend. Capital holders should lodge (with allotment instructions) on 6th September for new Capital shares.

Tottenham, N.17.
18th July, 1977.

ABERCOM INVESTMENTS LIMITED

(Incorporated in the Republic of South Africa)

Preliminary Unaudited Income Statement for the Year to 30th June 1977

	Unaudited 1977	Audited 1976	Percent Chang
	R'000	R'000	
Sales to third parties	115,100	108,800	+5.2
Income before tax	11,441	12,723	-10.1
Tax	2,719	4,368	-37.1
Income after tax	8,722	8,365	+4.3
Outside shareholders' interests	316	436	-27.3
Earned for ordinaries	8,406	7,929	+5.4
Ordinary shares in issue (weighted average)	14,050,000	13,790,000	+1.9
Earnings per share	59.8 cents	57.5 cents	+3.9
Dividends per share	40.4 pence	38.8 pence	+4.3
	29.0 pence	29.0 pence	
	19.6 pence	19.6 pence	

NOTES
COMPARATIVE FIGURES are prepared on the same basis as for the current year and are in accordance with South African generally accepted accounting practices 1,003.

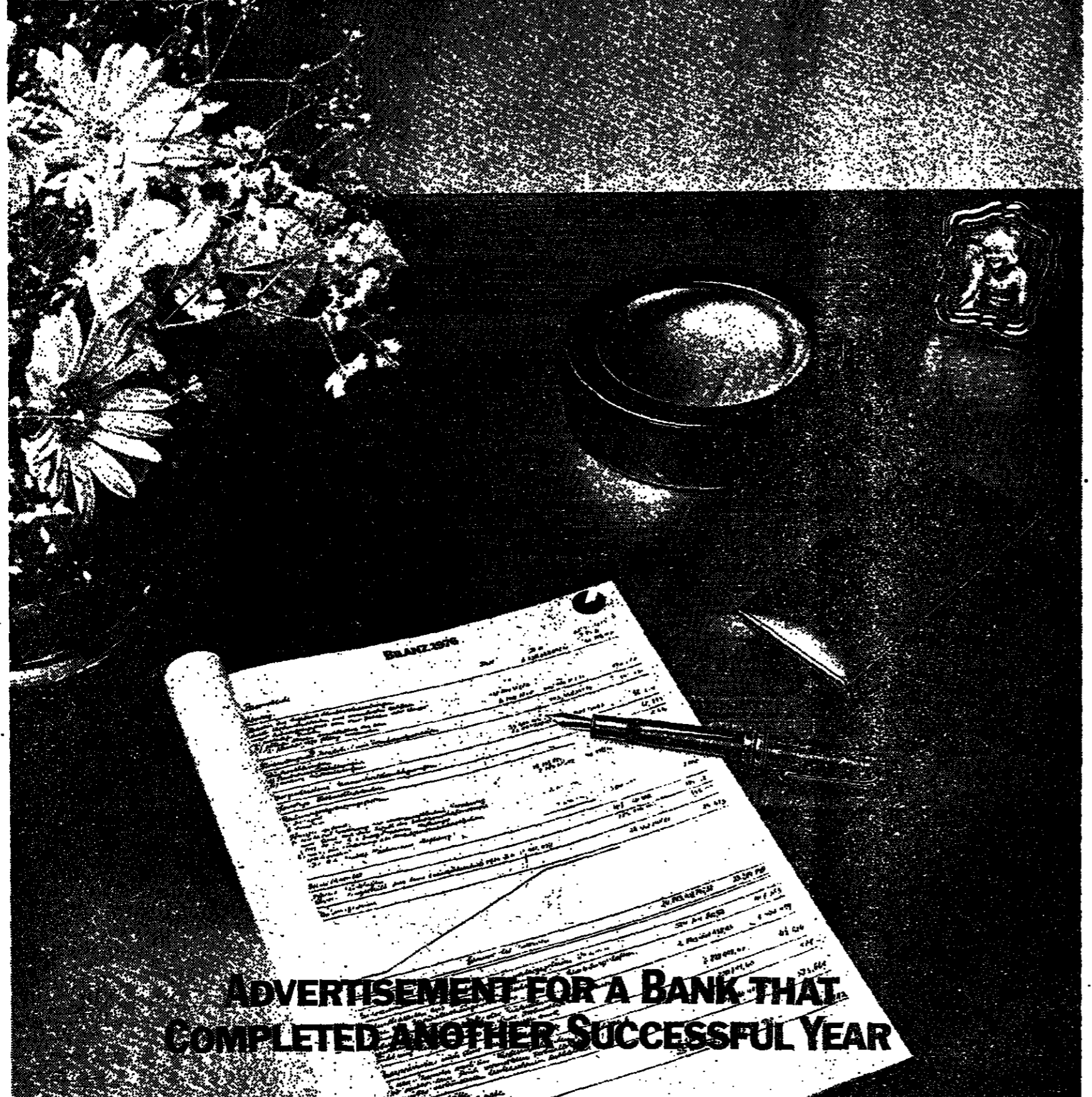
TAX. The over all rate of taxation has benefited from continued new investment resulting in capital allowances.

DIVIDEND NO. 29 has been declared at the rate of 19 cents (12.8 per cent) per share, and will be payable to shareholders registered on Johannesburg and London registers on 26th August 1977. Dividend cheques will be posted on or about 30th September 1977; those for shareholders on the London register being drawn at the rate of exchange then in force. Non-resident shareholders' tax where applicable, will be deducted.

This declaration is in accordance with our interim statement published February, 1977.

ANNUAL REPORT. Full annual accounts will be posted to shareholders on or about the 19th August 1977.

Abercom Investments Limited, 20 Anderson Street, Johannesburg.
13th July 1977.
By-Order of the Board: D.J. McLOUGHLIN, Secretary.



ADVERTISEMENT FOR A BANK THAT COMPLETED ANOTHER SUCCESSFUL YEAR

DG BANK Deutsche Genossenschaftsbank of Frankfurt am Main, West Germany, reports on another successful year of expansion at home and abroad. In 1976, the Bank's total lendings - in various currencies - increased by nearly 16 percent to DM 15.7 billion (U.S. \$ 6.6 billion), and its consolidated total assets grew by close to 11 percent to exceed DM 39 billion (U.S. \$ 16.5 billion). Although the Bank's tax burden more than doubled, its shareholders again enjoyed a dividend amounting to an 8 percent return on their investment.

In 1977, DG BANK aims for continued growth of its international business in which the Bank engages on behalf of a group comprising more than 5,000 local and ten regional banks in the Federal Republic of Germany. These international activities are supported by branches, representative offices, and affiliated banks in the world's key financial centers.

DG BANK Deutsche Genossenschaftsbank, Taunusstr. 3, D-6000 Frankfurt am Main 1.

* Unabridged financial statements for 1976, audited by Treuarbeit AG of Frankfurt am Main and approved without qualifications, have been submitted for publication to the Bundesanzeiger (Federal Gazette).

Balance Sheet (Abridged)* as at December 31, 1976 (DM million)		Statement of Income (Abridged)* 1976 (DM million)	
Assets		Expenses	Income
Cash	235.9	Interest Expense	1,142.8
Bills Receivable	413.5	Staff Expenses	45.2
Due from Regional Cooperative Banks	3,641.7	Other Operating Expenses	36.4
Due from Other Banks	10,579.2	Taxes	48.5
Treasury Bonds	1,161.3	Other Expenses	44.3
Bonds and Notes	2,825.7	Net Income	58.3
Due from Non-Bank Customers	4,907.2	Total	1,375.8
Due from Public Authorities-Equalisation Claims	22.8		
Investments in Subsidiaries and Affiliates	41.3		
Premises and Equipment	47.2		
Other Assets	499.3		
	24,813.4		
Liabilities			
Deposits of Regional Cooperative Banks	12,524.8		
Deposits of Other Banks	6,210.1		
Deposits of Non-Bank Customers	2,006.3		
Bonds and Notes Issued	2,746.5		
Provisions and Global Valuation Reserves	142.2		
Other Liabilities	399.9		
Foundations	3.0		
Capital and Reserves	752.0		
Profit After Transfer to Reserves	28.6		
	24,813.4		
Endorsement Liabilities	524.7		
Guarantees	2,843.4		

DG BANK Deutsche Genossenschaftsbank THE BROADLY BASED BANK.

Handwritten note in Arabic script: "هذا امر الجليل"

MINING NEWS

Tara paying \$7.5m. for Northgate shares

KENNETH MARSTON, MINING EDITOR

AS Tara Exploration and Mining says that it proposes to acquire an offer of 1m. shares in Northgate Exploration at \$7.50 per share that has been made by five Northgate shareholders...

These came to \$213,000, while in 1975-76, Hampton's income from all sources apart from Western Mining...

Western Mining waits for Fraser

The Australian minerals group, Western Mining, is in a position to go ahead with the construction of a pilot plant for the test processing of uranium from the Yerrilee deposit as soon as the Prime Minister, Malcolm Fraser, has declared a policy of uranium mining...

Mr. Douglas Stewart, the group's general manager for fuel and general minerals, explained in London yesterday that Western Mining did not wish to spend shareholders' money on the Yerrilee project until there was some certainty about the end-product...

Neither of the directors were aware of these transactions until the company was contacted by professional advisers. Mr. Stone, (director) has 25,000 shares...

DNEY MARKET moderate assistance

Banks carried over run-down were found in the region of 6-7 per cent. The interbank market over-extended, but was held in check by the London money market...

Table with columns: Sterling, Interbank, Local, Local, Finance House, Company Deposits, Discount, Treasury, Bank, Plain Trade, Bills. Includes interest rates for various financial instruments.

This announcement appears as a matter of record only.

U.S. \$50,000,000 Calgary Power Ltd. First Mortgage Bonds due 2002. Merrill Lynch, Pierce, Fenner & Smith.

BUSINESS AND INVESTMENT OPPORTUNITIES

READERS ARE RECOMMENDED TO TAKE APPROPRIATE PROFESSIONAL ADVICE BEFORE ENTERING INTO COMMITMENTS

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Acquisition in the U.K.

Under the above advertisement heading we invited acquisition specialists to contact us for confidential acquisition work in the U.K. (F.T. June 23/June 24). Many of the replies were unfortunately lost in the French postal system while being forwarded...

We are a young Swiss firm of excellent standard, specialising in the engineering and delivery of Special Machinery and Complete Plants for the Chemical, Food & Aluminium Industries...

International Casino Concern based in Switzerland opens in a few weeks at an European Tourist Capital (full year season), the only official gambling hall (roulette, black-jack) based on a 5-year contract with the Government...

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CLEANING CONTRACTORS Successful and well established privately owned cleaning contractors with expanding turnover, currently at £300,000, would be interested in discussing amalgamation with similar size Companies...

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BUILDING MATERIAL MANUFACTURE A five-year-old company engaged in the above field invites financial participation or total purchase. Turnover - £600,000 p.a. rising. Exports - direct and indirect - 70%. Reason for invitation - parent company in a different field of activity requires capital. This is an entrepreneurial situation now past break-even point with exciting prospects. Write Box G.322, Financial Times, 10, Cannon Street, EC4P 4BY.

MIDDLE EAST Have you got so far and cannot get any further? We can help you achieve your objectives in any field, in any country in the Middle East. Our personal experience and extensive contacts in the area might clinch it for you. Write to us in concise detail. Write Box G.323, Financial Times, 10, Cannon Street, EC4P 4BY.

YOUR CAPITAL IS ERODING PUT A STOP TO IT - NOW! "don't look the other way" while the purchasing power of your capital declines, stop it now. The Private Investor's Letter shows how. Write for details of free trial offer to The Private Investor's Letter, Dept. 117, 13 Golden Square, London, W.1. Tel: 01-379 7337 (24-hour answering service)

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INTERNATIONAL FINANCIAL AND COMPANY NEWS

AMERICAN NEWS

Morgan income up \$9m.

BY JAY PALMER

J. P. MORGAN, the parent company of Morgan Guaranty Trust, America's fifth largest bank, increased its income before securities transactions by 11 per cent to \$80.2m. in the second three months of this year. The gain, identical to that seen in the first quarter, boosts six month returns to \$99.7m. from \$90m. last year.

After securities transactions the bank said that net profit rose 14 per cent to \$81.3m. in the three months. This was a slight improvement over the first quarter and left six months net up 13 per cent at \$101.5m. compared with \$90.2m. in the same period of 1976.

Morgan's gains came partly from an increase in "net interest earnings" — the difference between total income received from loans and total interest paid out on debt. Tax-exempt returns on municipal securities provided most of this.

In the first half of this year Morgan opted to increase its reserve for possible loan losses by very nearly \$26m., a sharp reduction on the \$40m. increase deemed necessary in 1976. Net charge off of actual loan losses fell during this latest period to \$22.8m. from \$32m.

and profits come from reports J. P. Morgan from New York. A U.S. District Judge in Washington rejected arguments submitted by companies which challenged the FTC move and said that he would sign an order directing companies to comply with the agency. His ruling will however be subject to appeal. The FTC says that this information on companies' lines of business in order to analyse in detail sales and costs in some 275 manufacturing and non-manufacturing industry categories. The data supplied, the Agency added, could show up especially profitable areas and signal a lack of competition helpful to anti-trust enforcement.

Kaiser Alum. peak

KAISER Aluminum and Chemical Corporation reports second quarter 1977 earnings of \$90.5m. or \$2.01 a share — a record for any quarter. Last year, the corporation earned \$90.5m. or \$1.54 a share.

Sales for the second quarter

totalled \$834.2m. compared with \$652.8m. The results include a provision for additional expenses in connection with an ongoing contract to build liquefied natural gas (LNG) tanks. These expenses amounted to \$8m. or 25 cents a share on an after-tax basis, reports UNIS.

For the first half of 1977, the corporation's earnings were \$84.2m. or \$1.9 a share. Sales in the first half reached \$1.15bn. Kaiser earnings in the first six months of 1976 totalled \$43.2m. on sales of \$970.5m.

The company's results in the second quarter and first half are described as "quite encouraging. Our 1977 return on average invested capital, on an annualised basis, currently amounts to 9.6 per cent. We are recording definite improvements in this important measure of corporate health."

But it is noted that "the present level of return on average invested capital is still below the level needed to build the new aluminum capacity this country will require in the not-too-distant future."

The principal reason for the rise in the company's earnings

NEW YORK, July 13.

during the first half is the improved performance of its aluminum division, which benefited from better prices, good sales volume, and higher earnings of international aluminum affiliates. Earnings of the diversified activities were also up strongly in the first half, accounting for almost 50 per cent of pre-tax earnings during the first six months of the year.

The provision for additional expenses for the LNG tank contract (which is over 70 per cent complete) is reflected in the company's aluminum division results. Under the contract, Kaiser is building and installing 15 of these tanks in three ships being built by another company, and is also applying insulation to the holds of the ships.

All expenses of completing the project which are estimated to exceed the contract price, and which are not expected to be covered by claims that have been or will be filed, have been charged to expense (\$6.4m. since inception) to December 31, 1976. \$1m. in the first quarter of 1977, and \$5m. in the second quarter of 1977 — all on an after-tax basis).

Higher sales boost Caterpillar

CATERPILLAR Tractor profit for the second quarter at \$1.36 per share of Common stock was a record for any second quarter and 13 cents up on the comparable period a year ago, reports UNIS.

Sales of \$1,450m. were also a record and 14.8 per cent greater than the second quarter of 1976. An indeterminate volume of sales, which would have been made in the second quarter of both years, was recorded in the first quarter of 1976 and 1977 under a spring inventory plan similar to plans offered in most years since 1969.

The higher sales resulted from a rise in volume and price in exactly what activities sales

of 1976 due to higher costs. The larger volume occurred inside the United States, reflecting continued expansion of the U.S. economy. Sales of machines for coal and metal mining, residential construction, and sewer and water systems registered the largest gains. In addition, demand for engines increased substantially over a year ago.

Although demand increased in several countries, total sales outside the U.S. declined slightly reflecting slower economic activity in some Western European countries, Brazil, and Canada.

During the second quarter, four models of machines were

placed on allocation to dealers to avoid inequities of distribution. This action, effective with shipments beginning in August, had no effect on second quarter results as the allocated products represent a small percentage of total sales.

For the first six months, profit of \$2.50 per share of Common stock slightly exceeded the \$2.41 for the comparable period last year.

Sales for the first six months were a record \$2,820m., 14.3 per cent higher than the same 1976 period. Exports were \$1.0 per cent of total sales compared with 57.6 per cent for the first six months of last year.

FTC moves on giants

THE U.S. Federal Trade Commission has won a court victory in its battle to force many of America's very largest companies to supply it, on a very regular basis, with detailed breakdowns of exactly what activities sales

increases since the second quarter

Weekly net asset value on July 11, 1977					
Tokyo Pacific Holdings N.V.					
U.S. \$ 41.83					
Tokyo Pacific Holdings (Seaboard) N.V.					
U.S. \$ 30.50					
Listed on the Amsterdam Stock Exchange					
Information: Pierson, Holding & Pierson N.V., Herengracht 214, Amsterdam					

YONTOBEL EUROBOOND INDICES					
145.76 = 100%					
PRICE INDEX	12.7.77	5.7.77	AVERAGE YIELD	12.7.77	5.7.77
DM Bonds	106.73	106.36	DM Bonds	4.928	4.993
HFL Bonds & Notes	103.66	103.75	HFL Bonds & Notes	7.743	7.775
U.S. \$ Str. Bonds	103.25	103.12	U.S. \$ Str. Bonds	8.215	8.250

J. LYONS

Improvement in profit

Extracts from the Chairman's statement to shareholders for the year ended 1st April 1977

The Year's Trading

Despite difficult trading conditions for many businesses our Operating Profit has increased substantially, although this increase has been partially eroded by higher interest and tax charges.

We intimated in our previous Annual Report that this year would be a difficult one for the Group but that the end of the year should see the beginning of a profit improvement; this has been borne out.

Well before the dramatic and probably irrational decline in the value of sterling last Autumn, it had been clear that the Group would have to contract the scope of its activities; this need was reinforced by the fall in the pound which added substantially to our debt and depleted our reserves.

In identifying businesses for disposal, we were intent on preserving our position as international food manufacturers and distributors with the capability for subsequent expansion.

As foreshadowed in the Interim Report the improvement in operating profit, which owes much to our companies in the U.S.A., is offset by higher interest charges, stemming partly from the abnormally high rates which prevailed in the U.K. throughout much of the year, partly from the switching of loans from hard currencies to sterling and partly from interest in respect of the new Carlton bakery complex no longer being capitalized on its completion. Notwithstanding the much higher interest charge there is a substantial improvement in profit before exceptional items whilst earnings before exceptional items are likewise improved. Exceptional items are mainly in respect of Carlton; no significant exceptional items are expected in future years.

EUROBONDS

Heavy demand for new issues

BY MARY CAMPBELL

ALTHOUGH currency uncertainties continued to put a dampener on buying interest, while some market operators are also clearing the decks before the August break, the new issues in the market seem to be meeting heavy demand. Both British names — Selection Trust and Fisons — had their coupons cut yesterday while Quebec Hydro's issue has been increased in size from \$100m. to \$125m.

One new issue has been announced, a \$20m. floating rate note (FRN) for Yugobanka. It has also emerged that Telefonos

Mexicanos is to launch a \$40m. seven-year issue next week-end. The coupon on Selection Trust was cut from the indicated 9 per cent to 8 1/2 per cent, and the issue was priced at 99 1/2 to yield 8.82 per cent to the final 12-year maturity. A coupon cut had not been expected at the time when the issue was raised in size from \$40m. to \$50m. last week. Exports were \$1.0 per cent of total sales compared with 57.6 per cent for the first six months of last year.

Morgan Grenfell, lead manager for the issue, yesterday said that demand has been almost unprecedented. The increase in size of the Quebec Hydro issue surprised the market, though dealers do not deny that the issue, which closes to-day, has been popular. The coupon was fixed at the 9 per cent, originally indicated while the pricing was indicated at par. Fiat's \$75m. offering was priced yesterday at par on a coupon of 8 per cent, as indicated.

Long Term Credit Bank of Japan's \$40m. FRN opened steadily yesterday at 99-99 1/2 after being finalised on the indicated basis.

The terms of the Yugobanka issue, which has been completed, include a six-year maturity with interest payable at 1 per cent over LIBOR, or 7 1/2 per cent, whichever is the higher. The issue price has been set at 99 per cent. The lead manager is Loeb Rhoades International.

BONDTRADE INDEX	
Yesterday	Tuesday
Medium term	102.87 102.87
Long term	96.15 96.15
Convertible	110.96 110.91

Decision on Montedison expected to-day

By Dominick J. Coyle

ROME, July 13.

THE GOVERNMENT here has been involved in last-minute negotiations in an attempt to bridge the gap between private and public shareholding interests in Montedison, the vast Italian chemicals and textiles group, as to who should be nominated to fill the vacancy caused by the resignation of Sig. Eugenio Cefis, for the past six years the conglomerate's chairman and dominant personality.

The decision should be announced at a meeting of the Montedison Board in Milan to-morrow, and even at this late stage there are at least half a dozen names in the offing, including that of Sig. Cefis himself.

He, however, has denied any intention of remaining on in charge of the group which posted losses last year of some L.172m. (£115m.) and now has accumulated debts estimated at L.2,800m. (£1,870m.).

The basic issue at the heart of the controversy concerns the essential nature of Montedison. Sig. Cefis and the ruling Christian Democrat Party have sought to maintain what they claim is the essentially "private" character of the conglomerate, while the Communist and Socialist parties, and the trade unions represented in the diversified group, point to the reality which is that State and State-sector interests effectively control the company.

Sig. Antonio Bisaglia, the Minister for State Participation, has let it be known that a decision by Sig. Cefis to withdraw his resignation would find favour with the Government, but he has now apparently ruled out such a course.

GERMAN COMPANIES

Siemens orders leap by 21%

FINANCIAL TIMES REPORTER

SIEMENS, the West German electrical concern, has reported a 13.3 per cent increase in group consolidated sales in the first eight months of its fiscal year, and a 21.1 per cent rise in orders.

At the same time, group sales in the year, to end-September, are expected to exceed DM24bn., compared with DM20.7bn. in 1976-77, and incoming orders between DM25-27bn. are envisaged against DM21.9bn.

Announcing this in Zurich, Herr Bernhard Plettner, the executive board chairman, reaffirmed that Siemens should be able to maintain its DMB dividend this year in spite of the higher tax burden this entailed.

There was no sign of an end to staff reductions at Siemens, he said, but the fall in the number of employees was slowing down. Overall capacity use in the first half was around last year's 74 per cent. Orders and sales for the first eight months were in line with expectations.

Kloekner plans to cut 1,500 jobs

Siemens, which this week announced it was joining with Allis-Chalmers of the U.S. to form a company to be called

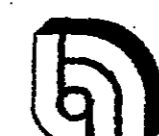
Siemens Allis, which will produce power engineering equipment, is considering the construction in the U.S. of a steam turbine and turbo-generator plant with Allis-Chalmers. The project is said to involve some hundreds of millions of marks.

But no decision had yet been taken, Herr Plettner said. Siemens group sales for the eight months to end-May totalled DM14.5bn., compared with DM13.9bn. in the same period of the previous year, and incoming orders were DM17.3bn., against DM14.2bn.

After allowing for the consolidation of the Oerum Group from January last year, and of Kraftwerke Union and Transformatoren Union from January this year, however, the rate of expansion is reduced to 8 per cent in the case of sales and to 13 per cent in that of incoming orders.

However, the cuts were part of a reorganisation plan and did not entail large scale dismissals. The exact number of employees to be dismissed was to be discussed at the works council meeting in week, which would also consider a welfare plan for those affected. Reductions would be achieved by cutting back on non-essential positions.

Siemens, which this week announced it was joining with Allis-Chalmers of the U.S. to form a company to be called



BANCA NAZIONALE DELL'AGRICOLTURA

Registered and Head Office in Rome

ANNUAL GENERAL MEETING, 28TH APRIL 1977

In 1976 B.N.A. achieved satisfactory results due to a wise policy adopted by the management in the distribution of credits. As regards deposits, the household sector led the way with 69.1% of the total, followed by business accounts with 24.7% and public sector accounts with 6.2%.

Loans to enterprises accounted for 92.7% to households and public sector for 4.2% and 3.1% respectively.

The number of accounts rose to 750,000, a policy of fragmentation of deposits with the objective of ensuring a stable liquidity base. Total deposits, amounted to Lire 4,635 billion showing an increase of 24.1% over the position at the end of 1975 of Lire 3,654 billion. Ordinary Loans and advances to

customers totalled Lire 2,395 billion representing an increase of 19.7% against the previous year's figures. The issuance of approvals of foreign exchange applications, with an increase of 42.8%, showed evidence of the participation in activity associated with trade between Italy and the rest of the world.

Net profit for the year amounted to Lire 9,764 million which enabled the Bank to distribute from 2nd May, a dividend of Lire 175 for each share of Lire 500 par value entitled to full dividend (remaining unchanged notwithstanding threefold increase in share capital in the last two years) and of Lire 43.75 for each share of Lire 500 par value entitled to dividend from 1 October 1976.

Mr. G. Ennio Barilla, after many years of valuable service and contribution to the growth of the Bank both on domestic and international level, resigned from his post as Chairman of the Bank in order to reduce the burden of his task. He was appointed Chairman of the controlling company, Bonifiche Stela, and upon request of the Board members, he retains his membership in B.N.A. Board.

At the same meeting, the Board resolved to appoint Count Giovanni Anuletta Armenise as Chairman and Mr. G. Ennio Barilla as Deputy Chairman. Mr. L. Mizzi was confirmed in his office as Deputy Chairman.

Furthermore, the Board appointed two new Directors in the persons of Mr. G. Gambarara and Mr. U. Quaranta, who were previously General Managers. Both Mr. Gambarara and Mr. Quaranta were appointed Managing Directors.

MOST SIGNIFICANT ITEMS OF THE BALANCE SHEET

Total deposits	4,534,782,474,950 lire	Loans and advances	2,394,773,862,567 lire
Savings and current accounts	3,495,573,110,176 lire	Profit for the year	9,764,128,386 lire
Capital and reserves (after A.G.M. resolution)	93,928,000,124 lire	Total	7,332,150,119,944 lire

This announcement appears as a matter of record only



Luossavaara-Kiirunavaara AB

U.S. \$ 50,000,000
Seven year floating rate loan

PKbanken Skandinaviska Enskilda Banken

- Bankers Trust Company
- The Chase Manhattan Bank, N.A.
- Chemical Bank
- Citibank, N.A.
- Morgan Guaranty Trust Company of New York
- Security Pacific Bank

Agent
PKbanken

SUMMARY OF RESULTS	This Year 2000	Last Year 2000
Group turnover	769,000	651,000
Operating profit	38,271	29,088
Profit before exceptional items	14,229	10,025
Profit before tax	10,384	7,425
Profit before extraordinary items	2,209	1,531
Earnings per share		
— before exceptional items	14.58p	12.99p
— before extraordinary items	5.17p	4.63p

The Annual General Meeting will be held at the Cumberland Hotel, Marble Arch, London, W.1. on Thursday 11th August, 1977 at 10.30 a.m.

Copies of the Annual Report, containing the Chairman's Statement in full, can be obtained from the Secretary, J. Lyons & Company Limited, Cadby Hall, London, W14 0PA.



هكذا امن الاصل

سكرا من الرصاص

INTERNATIONAL FINANCIAL AND COMPANY NEWS

Bank of China profit tops 54m. as deposits soar

HONG KONG, July 13. THE BANK OF CHINA, a state-owned bank of the Peking Government, reported its 1976 profit to be 54 million dollars, an annual increase of 100 per cent. The bank also reported a 100 per cent increase in deposits in 1976 from 33.6 billion dollars in 1975.

Reduced tax bill helps Abercom

JOHANNESBURG, July 13. THE DIVERSIFIED group Abercom, which withdrew last week from its contested offer for Protea Holdings, has announced preliminary figures for the year ended June 30 which show a modest gain in earnings after a sharp decline in the amount of tax paid.

PORTUGUESE PETRO-CHEMICALS Determined to survive

RICARDO CABRITA, the short, stocky dynamo of an industrial company who heads the Companhia Nacional Petroquímica (National Petrochemical Company or CNP) does not believe in waiting, waiting or waiting for someone else to solve his problems—traits which even the Portuguese admit are all too common in a small country.

Oil Australian move

SYDNEY, July 13. THE BIGGEST oil exploration venture in the world is to be approved in Australia for the government deposit in the Northern Territory—a venture it entered in 1972.

Swire seeks U.S. growth

SWIRE Pacific's entry into the United States, through the purchase of a Coca Cola bottling franchise in Salt Lake City, Utah, is understood to be costing the company about \$12 million.

At present Portuguese per capita consumption of plastics is only 11 kilograms per annum.

But CNP studies predict substantial growth in local markets in the next decade, especially as the marketing of foodstuffs improves and plastic is more widely used for protective wrapping.

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But CNP studies predict substantial growth in local markets in the next decade, especially as the marketing of foodstuffs improves and plastic is more widely used for protective wrapping.

Mears Bros. Holdings Limited Interim Report

Table with 3 columns: 1977, 1976, 1975. Rows include: Six Months, Profit before tax, Profit after tax, Dividend, etc.

HONG KONG Land announced SHK10m. luxury residential project

HONG KONG Land announced a SHK10m. luxury residential project, expected to realise a yearly rental of SHK15.5m. from 1980 onwards.

Sime Darby

THE GOLDEN Bay Realty affair is not yet over for Sime Darby. The vendors of Golden Bay who sold that company to Sime Darby under an agreement undertaken just over four years ago, have applied to set down last month's High Court award to Sime as a special case in a hearing in Singapore later this month.

SELECTED EURODOLLAR BOND PRICES MID-DAY INDICATIONS

Table listing bond prices for various countries and currencies, including Australia, Canada, Denmark, etc.

BUTTERFIELD-HARVEY

Prospects Excellent

Table comparing 1976/77 and 1975/76 performance: Sales, Trading Surplus, Profit before tax, Earnings per share, Dividends per share.

... with the elimination of losses at Greenwich and clear evidence of improved results elsewhere in the Group, I am confident that a substantial advance in profits will be achieved in the forthcoming year.

I believe the foundations are now firmly established to enable the Group to emerge in 1977/78 financially stronger than at any time in the past; and that the future prospects of your Company are exceptionally good.

S. A. Roberts, C.B.E. Chairman.

BUTTERFIELD-HARVEY LIMITED Villiers House, 41-47 Strand, London WC2N 5JJ.

UNITED MEXICAN STATES

DM 150,000,000

Medium Term Loan at a fixed rate of interest

- managed by WESTDEUTSCHE LANDESBANK GIROZENTRALE
co-managed by BAYERISCHE HYPOTHEKEN-UND WECHSEL-BANK
provided by ARAB BANK LIMITED, BADISCHE KOMMUNALE LANDESBANK, etc.

WALL STREET + OVERSEAS MARKETS + FOREIGN EXCHANGES

Index reacts 3 more in early trade

\$ still weak

BY OUR WALL STREET CORRESPONDENT

NEW YORK, July 13

STOCKS EASED further in moderate early trading on Wall Street today. By 10 a.m. the Dow Jones Industrial Average was showing a fresh loss of 3.31 at 900.10, while the NYSE All Common Index was 8 cents easier at \$54.37. Declines were heaviest in Lockheed rose \$1 to 517. International Paper cheapened \$1 to \$474 on lower second-quarter earnings. General Electric-Chalmers rose \$1 to \$301 and Owens-Illinois \$1 to \$271, both on higher second-quarter results, but Control Data slipped \$1 to \$291 despite improved second-quarter earnings.

Market analysts blamed hesitancy on continued investor fears about the longer-term outlook for the economy. Major Steel Producers lost ground after the Justice Department announced that its Anti-Trust Division is investigating possible price fixing by steel firms.

Actively-traded U.S. Steel eased \$1 to \$381, while Armco Steel rose \$2 to \$324 and Republic Steel \$1 to \$271, but Bethlehem

Steel were unchanged at \$301. Union Carbide, the most active issue, declined \$1 to \$471 but heavily-traded Lockheed rose \$1 to 517. International Paper cheapened \$1 to \$474 on lower second-quarter earnings. General Electric-Chalmers rose \$1 to \$301 and Owens-Illinois \$1 to \$271, both on higher second-quarter results, but Control Data slipped \$1 to \$291 despite improved second-quarter earnings.

Tandy, where trading was delayed, were last quoted at \$271. It has received about \$426,000 of its Common shares in response to its tender offer.

THE AMERICAN SE Market Value Index, however, made fresh headway in the morning session, recording a gain of 0.37 at 122.15, a 1.81m. shares up 0.06m. from yesterday's 1.00 p.m. figure.

OTHER MARKETS

Canada mixed After recent firmness, Canadian Stock Markets made a mixed showing in yesterday's morning trade, leaving the Toronto Composite Index just 0.1 firmer at 1,044.7 at noon. Gold remained flat at \$374.90, while the dollar rose 1 cent to 1.0632, while the O.S. Gas Index advanced 6.9 further to 1,232.2. Metals and Minerals, however, declined 6.1 to 1,033.0. Papers shed 7.8 to 95.84 and Metals 1.31 to 243.84.

Major Motors reacted, losing up to \$1.30, to \$2.90. Steels were strong, however, gaining up to \$2.20, although an exception was Krupp, which lost \$0.30. Machine Makers were also firm. Chemnewallington AG, a Hohlstein Company, gained \$1.10 to \$231.00 on rumours of a possible reorganisation of shares among major holders, Bayer and Veba.

Storrs gained progress with gains extending to DM4. Neckerman gained DM2.40, while Neckerman reported strong demand for the new Neckerman shares.

SWITZERLAND - Narrowly mixed in another very quiet trading session, dominated by the current holiday period. The exception was Bally, the Bearer and Registered shares rising Fr.50 and Fr.55 respectively.

SPAIN - The market suffered a further fall with the share index losing 0.7% to 86.50. Banks retreated 1.8 to 3.80. Galerias Precados declined 6 more to 200. Electricals, however, attracted some buying.

OSLO - Industrials were irregular, while Banks and Shippings were quiet. MILAN - Slight technical recovery in quiet trading.

GERMANY - No decided trend. Major Motors reacted, losing up to \$1.30, to \$2.90. Steels were strong, however, gaining up to \$2.20, although an exception was Krupp, which lost \$0.30. Machine Makers were also firm. Chemnewallington AG, a Hohlstein Company, gained \$1.10 to \$231.00 on rumours of a possible reorganisation of shares among major holders, Bayer and Veba.

The U.S. dollar lost ground in the foreign exchange market yesterday, but generally finished above its lowest levels of the day.

Reports that the U.S. Administration is happy with the dollar's recent fall against the stronger currencies was a major factor behind the initial sharp decline, but several central banks probably intervened during the day to prevent the U.S. unit's fall from continuing. The dollar touched a low point of DM22.740 in terms of the German mark, before closing at DM22.800, compared with DM22.800 previously. The U.S. currency also fell quite sharply against the Swiss franc and Dutch guilder, but was slightly firmer in terms of the Japanese yen after an early fall. It finished at ¥264.21 against the yen, compared with ¥264.05 on Tuesday, after further support for the dollar by the Bank of Japan.

The dollar's trade-weighted average depreciation since the Washington Currency Agreement of December, 1971, as calculated by Morgan Guaranty of New York, widened to 1.68 per cent from 1.62 per cent.

Sterling remained within a very narrow range in quiet trading, closing at \$1,704.1-1,708.8 against the dollar, a rise of 6 points on the day. It traded weaker in the afternoon on the basis of the Washington Agreement, as calculated by the Bank of England, was unchanged at \$1.49 after standing at \$1.49 on Tuesday, after further support for the dollar by the Bank of England.

JOHANNESBURG - Gold shares were mixed, with Anglo-American slightly higher and Anglo-Platinum slightly lower. The Krugerrand's pre-

mium over its gold content narrowed to 3.67 per cent for domestic and international delivery from the previous common level of 3.79 per cent.

EXPORT-ORIENTED Electricals, Motors and Cameras lost ground following the further overnight easing on Wall Street, with the Australian Government's restrictions on foreign car imports depressing Motor shares.

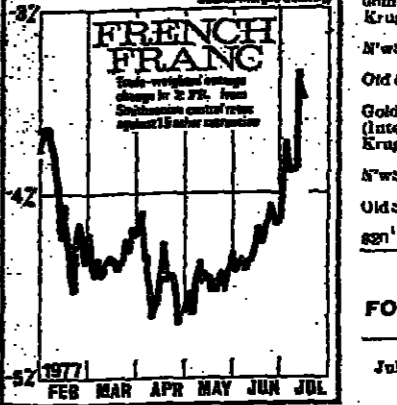
Nissan Motors lost ¥4 to ¥712 and Toyota Motor ¥4 to ¥971, while, among Electricals, Mitsubishi Y21 to ¥900.

Petroleum shares on the Saudi Arabian Oil Minister's statement that he hopes for an oil price freeze in 1978. Shown Oil rose ¥12 to ¥285, Tosa Newyaro ¥20 to ¥900, and Daikyō Oil ¥13 to ¥230.

JOHANNESBURG - Gold shares were mixed, with Anglo-American slightly higher and Anglo-Platinum slightly lower. The Krugerrand's pre-

GOLD MARKET

Table with columns for Gold Bullion, Gold Coins, and other gold-related items with prices.



FOREIGN EXCHANGES

Table showing foreign exchange rates for various currencies like New York, London, and others.

OTHER MARKETS

Table showing other market data for various countries.

TUESDAY'S ACTIVE STOCKS

Table listing active stocks and their prices, including Atlantic Richfield, British Petroleum, and others.

Indices

Table showing various stock indices like Dow Jones, Standard and Poors, and others.

N.Y.S.E. ALL COMMON

Table showing NYSE All Common stock index data.

MONTREAL

Table showing Montreal stock market data.

JOHANNESBURG

Table showing Johannesburg stock market data.

EXCHANGE CROSS-RATES

Table showing exchange cross-rates for various currencies.

EURO-CURRENCY INTEREST RATES

Table showing Euro-currency interest rates for different terms.

TOKYO

Table showing Tokyo stock market data.

AUSTRALIA

Table showing Australian stock market data.

FORWARD RATES

Table showing forward rates for various currencies.

OVERSEAS SHARE INFORMATION

Large table providing detailed share information for various international companies, including names, prices, and changes.

Rio de Janeiro

The creation two years ago of the new State of Rio de Janeiro reduced the political status of the city of Rio, and also produced a lot of economic problems. But it still feels like a capital city and remains a cultural focus for the country.

Focus

Capital

White

Dependent

comes to capitals, the and their former rulers have shown fair. They have built the first the baroque adon da Bahia on a ked inside a fine bour, then Rio de in apparently impos- in a bay hemmed in ing in importance. However, exhibitions expert- assilia reaching into skies of the central steau.

years after the already being prepared for two pitched camp in more. bought from West Ger- de Janeiro is still many), the growth of tourism staff that started at nil. The Movement, the Prefecture spends most of its money on primary schools and down in local polls last year. The Government's Arena party, has taken, to blaming the administration - which reciprocation - it has had to bring in a- cates. Some time ago Govern- Rubbish Tax, with no exemption

most urban State, the biggest city after São Paulo and the country's second industrial centre. It has kept some of its federal trappings—headquarters of several big State organisations, the main stock market and a dominant financial role.

Rio city is the centre of tourism and communications, boasting a splendid, if long-delayed, new airport and was Air France's first Concorde destination. It also sports the world's biggest football stadium at Maracanã (capacity record 183,300).

The surrounding State, which until two years ago was run separately from the city, contains a small, sparse and declining rural population. About two-thirds of its annual product of about 15 per cent of Brazil's—comes from the area of Guanabara, which Rio moved 140 years earlier to its population high in the urban conglomeration and around Rio itself.

Guanabara and Rio de Janeiro even for those who never see a Spies into a new Rio de Janeiro State completed the borrow money," a senior official said, "to buy asphalt to fill holes in the roads."

The Most Loyal and Heroic City of São Sebastião do Rio de Janeiro, founded in 1565 as a base to beat off the French and the Tamoyo Indians, has since 1763 been the capital, in turn, of the Portuguese colony, of the U.K. of Portugal, Brazil and Algarve, of the Brazilian Empire and of the Republic.

Its last honour, that of being mentioned earlier said he could not think of a single advantage. A colleague in the new State administration said there were advantages, "but you will not find many people who agree with me." For the military-sponsored Government in Brasília there is one obviously profitable by-product in that the region's political representation is cut by half. Next year, for instance, it will have three senators instead of six; at the moment five of the six belong to the opposition.

A new urban plan has just been drawn up, the first for 12 years and the first to be done in Portuguese; the two previous plans were in French and English. But the planners feel utterly frustrated by an administrative set-up they feel is lopsided but which they know cannot for reasons of political pride be changed for the time being.

Why bother with the re-organisation? The senior official mentioned earlier said he could not think of a single advantage. A colleague in the new State administration said there were advantages, "but you will not find many people who agree with me." For the military-sponsored Government in Brasília there is one obviously profitable by-product in that the region's political representation is cut by half. Next year, for instance, it will have three senators instead of six; at the moment five of the six belong to the opposition.

On the other hand, the Deputy Erasmo Martins, and it is always possible the President will change the rules again before it does.

who had the unenviable job of leading Arena's minority in the local assembly, he is supposed to have told her that, as a schoolteacher, she would do better back at school. She is supposed to have replied that he, being an Admiral, would do better back on his ship.

As things stand, the Admiral's successor will be the country's only opposition governor. Gubernatorial elections have already been cancelled in favour of selection by local assemblies, a move, designed to stop the opposition taking several other States. Such things happen in places like Brazil. But in Rio no amount of gerrymandering will make for a pro-Government governor unless he is put there by the President himself.

The merger's other advantage is that it ends a long record of weak administration in the former Rio de Janeiro State. Acting as the city's poor cousin, the State had all the space the city lacked but no capital. Industrial plans may now begin to succeed in reducing the influx

of people that is clogging Rio de Janeiro.

The city's population is increasing by 350,000 a year, including an estimated 130,000 who come in from outside. Forty-two per cent of the people who live there were not born there. People come in for jobs which are often underpaid; there is more underemployment than actual unemployment, as any visitor can see in the armies of men and boys trying to earn their living by "keeping an eye" on other people's cars.

The aspiring middle classes crowd into the southern part of the city facing the ocean. The further they go the worse the transport facilities become, and so instead of building outwards the builders build upwards.

While policing, social services, housing and other facilities are seriously deficient, large investments are made in grandiose projects, such as an eight-mile bridge which now links Rio with Niterói and an underground railway the first \$1bn. section of which is due for inauguration within two years. The usefulness of both in resolving transport congestion is a subject of active debate. A UN expert characterised Rio de Janeiro's style of urban planning as "flyovers and javeles."

The poor districts are the home of the "animal game"—an illegal but highly active lottery run by a small mafia of "bankers": of football and carnavaal clubs (both backed by the gambling chiefs); and of the macumba, Rio's brand of Afro-Brazilian religions, which in much of the

choose between the sprawling satellite towns to the north of the city, where most of the people live, and the hillside shanties (favelas), which are nearer where most of the people work. The favela population is around 1m. As in the suburbs, gangsterism is rampant. Rio's working-class dormitory districts are home ground for the so-called "Death Squad"—vigilante groups of off-duty policemen. The State authorities are having a big clean-up campaign in the police, but "executions" still go on. There have been at least 2,000 in recent years, adding to a murder rate that already rivals New York's.

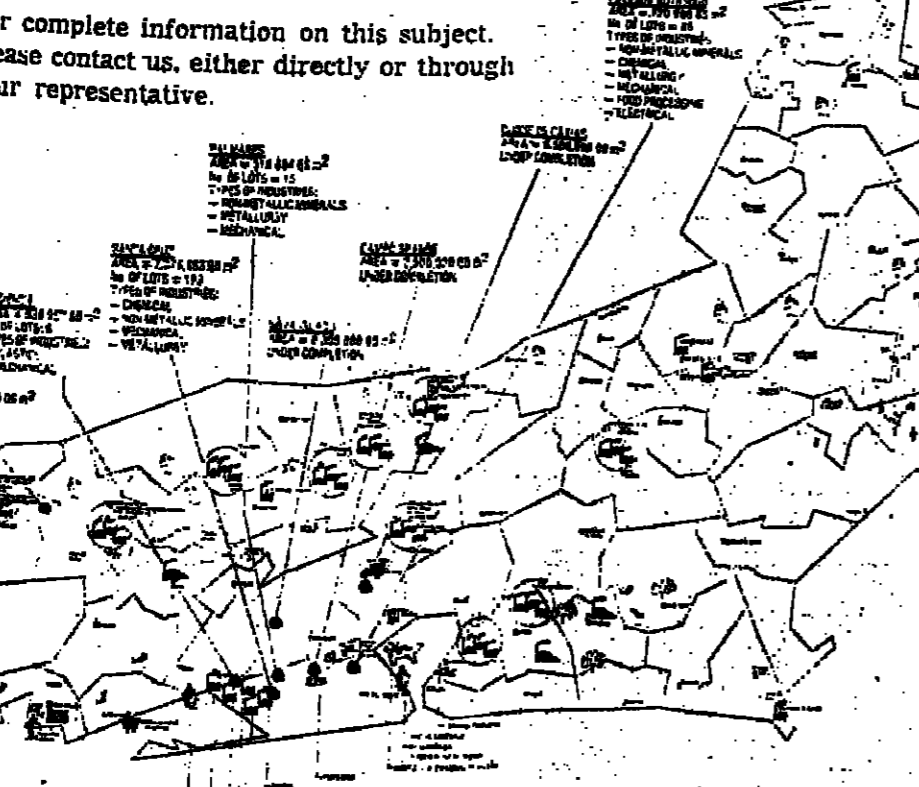
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They are blessed, at least, with a sense of humour. I know of no place where it is less unpleasant to be in a football queue or a rush-hour bus. Manned by nered, self-possessed, often shy, and of supercilious, cadging and brusque, they have the knack of being all of these without giving the slightest offence.

BASIC STATISTICS	
Area	16,720 sq. miles
Population (1975)	
Total	10.4m.
Metropolitan region	8.3m.
State capital	4.7m.
Annual per capita income	\$1,150
Economic growth (1976)	10.1%
Industrial growth (1976)	12.1%

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The industrial framework

BRAZIL'S INDUSTRIAL revolution is more associated with São Paulo than with Rio de Janeiro, and there is every chance that Rio State, a mere half of one per cent. of Brazilian territory, will soon be pushed back into third place by the growing engineering industry of its northern neighbour, Minas Gerais.

Even so, Rio de Janeiro has garnered for itself a handful of the federal Government's most cherished projects, including all the early stages of its \$10bn. nuclear programme, set to retain its role as steel-making centre, and is becoming as aggressive as either of its powerful neighbours in trying to lure new employers.

It needs them. Jobs or no jobs, the State's rural population is declining and the urban population growing out of space and, apparently, of wind: its share of national product plummeted in the post-war

period. The badly run State it is being built but is subject to some delay because of the economic slowdown and Government spending curbs. The second plant of Companhia Siderúrgica Nacional, the State-owned supplier of steel plate, is planned on expropriated land at Itaguaí on the same part of the coast, but has not yet been started; it is a long-term, 20-year venture, due to produce 10m. tonnes a year, roughly equivalent to Brazil's total current output.

Delay
A half-dozen major projects are now gestating, all of them depending directly on the federal Government in Brasília. The only private-sector venture among them, a Michelin tyre plant in the up-state region of Resende, expected to employ 8,800 and valued at \$160m. when the project was brought up two years ago, is still waiting on federal Government approval. A new port at Sepetiba, down the coast from Rio de Janeiro,

is looking desperately for some one else. Petrobrás, the State oil company, has two big projects—an ammonia and urea plant in the north of the State and a tanker terminal at Angra dos Reis in the south—as well as its prime offshore drilling operations, off Campos.

Finally, the Nuclebrás nuclear authority is basing its components and reactor industries in the State. The first Brazilian reactor, bought from Westinghouse and to be fuelled by the U.S., is nearly ready in a little bay near Angra dos Reis. Two West German reactors have lots marked out for them on the same site, the first of eight in a deal which, because of its "sensitive" aspects, is opposed by the U.S. and which in consequence is subject to uncertainties.

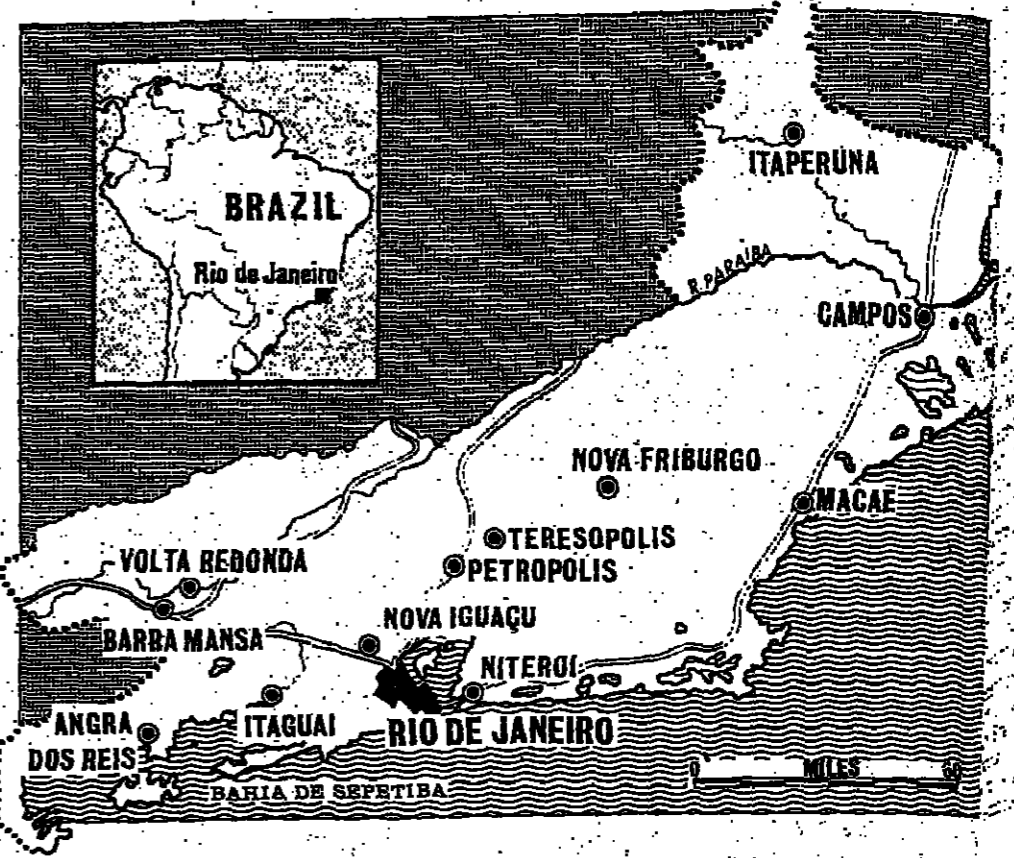
In the competition for smaller, private sector investment, Rio has secured rather more than its share. Last year it received 22 per cent. of all projects approved by the Industrial Development Council. The industrial estates, recently increased in number from five to seven, are almost all full, with the exception of Campos in the sugar-cane belt.

The industrial estates authority, Codin, has some \$100m. earmarked for basic infrastructure up to 1979, by when it hopes to have created 43,000 direct and a further 29,000 indirect jobs, mainly in engineering, metals and chemicals.

For each Government cruzeiro spent on the new factory areas, the State hopes to get nearly four cruzeiros from private investors.

Under Brazilian law, the State itself is allowed to offer fiscal benefits, which are only available in priority activities and in other, less privileged regions, but there is a hefty incentive in subsidised land.

Sheer lack of space in a city,



where mountains and sea towers, stand gaunt and unoccupied most of the free lots has sent land values sky-high. Speculation is rampant in all kinds of property—industrial, commercial and residential. Higher Brazilian inflation rates in recent years have added an extra illusion of big earnings to those who invest or gamble in real estate.

In Barra da Tijuca, a coastal plain south of Rio where Sr. Lúcio Costa, designer of Brasília, is supervising a huge new appendage to the city, intended eventually to house some 2½m. people, land prices increased by 7,200 per cent. in the space of six years. In built-up regions, land costs, inflated to levels nobody in the business pretends are anything near realistic, take up a third of the total cost of any new building. Office space in Rio is almost twice as expensive as in São Paulo.

However, the brakes that have been put on economic activity in Brazil in the last 18 months, so far, have had their effect on the property market with a vengeance, heralded by extravagant advertising campaigns, continues at a frantic rate.

But buyers' interest, not shown signs of cooling off, especially in commercial property. The first three round towers of the Barra da Tijuca development, in which Sr. Costa first envisaged three dozen such

holder step into the market a \$20m. programme for blocks in the Flamengo Botafogo districts, which now receiving the over the overcrowded centre of the first building has already been completed and occupied on a rent basis, rather than the practice of letting, rather selling, whole floors of one a novelty in Brazil, but formula likely to suit the big international companies which have operations there.

The company's second project is under construction, a joint venture with Shell, will use it as its new quarters. Both buildings so far gone to schedule.

Other foreign groups come, looked and been disappointed. There are probably open foreign expertise in the ventures such as the centres, which have in cases been total flops, but investors are put among other factors, the like to change their regular.

Rules governing numbers of stores in cabana, for instance, are bent so often that it regarded as a joke. Most the last few of the houses along that famous front are disappearing one.

David V.

Volta Redonda's symbolic role

ALL COUNTRIES in the world have special locations that have gained a symbolic significance in the national consciousness. Hastings and Dunkirk can never simply be the names of ports for the British.

For the Brazilians, Volta Redonda is such a landmark. It symbolises an important phase in the Brazilian struggle towards economic independence and national development. For it was here, in the early 1940s, that Brazil built its first large, integrated steel mill.

For years, leading politicians had stressed the pressing need for Brazil to set up its own steel industry as a basis for self-sustained economic development. In 1931, at the beginning of his long term of office, President Getúlio Vargas, the country's leading populist politician, stated: "The basic problem of our economy is steel. For Brazil, the coming of the 'iron age' will mean the beginning of economic splendour."

Complex

However, the "coming of the new age" was a complex, conflict-ridden process. Throughout the 1930s, both Germany and the United States showed interest in the possibility of helping to develop Brazil's steel sector. Two groups emerged. One, which was particularly strong among the armed forces, was nationalist. It favoured the setting up of a State-owned steel sector by means of a deal with Germany by which iron ore would be exchanged for equipment and know-how, along with assistance in the modernisation of the railway network that was to be linked to the steel mill.

The second group, which was mainly led by Brazilian diplomats, was afraid of the consequences of German economic and political penetration, given the confused world political situation. This group was in favour of a joint project with the United States in which private American companies would participate.

The discussions dragged on with several projects falling through at the last moment. Finally, in 1940, President Vargas carried out a clever political manoeuvre. He told the U.S. that he considered the steel project to be a fundamental test for the U.S. "good neighbour" policy. He is also believed to have made it clear that U.S. collaboration on this issue would have an important

influence on Brazilian political and military policy, particularly if it became necessary to decide, in the case of U.S. involvement in the Second World War, whether or not permission should be granted for American troops to be based at strategic points along the Brazilian coastline. At the same time, Vargas invited the Germans also to make an offer.

The gamble worked. In September, 1940, the Export-Import Bank granted a \$20m. loan for Brazil's steel sector. In 1941, work on the Volta Redonda mill began. With great pomp and ceremony, the blast furnaces were lit for the first time in June, 1946.

To-day, Volta Redonda is one of three large State-owned mills, which together account for two-thirds of Brazil's steel output. In the case of each of the mills, the Government only ended up controlling the project after it had considered, or even experimented with, a project in the hands of national private enterprise. On all occasions, it became abundantly clear that private Brazilian companies did not have the resources for the heavy outlay required. In the steel sector, as in other areas of the economy, State influence has grown rapidly, although paradoxically the Government has only assumed the new responsibilities with great reluctance.

Although a symbol of national economic independence, the Volta Redonda mill was totally equipped in the 1940s with imported U.S. machinery. At that time, it was a great advance for Brazil to be planning the production of a basic industrial input such as steel within the country.

To-day, the scenario has changed. Although Brazil is still importing about a fifth of its steel consumption needs, its quest for economic independence has spread to other fields. Brazil is at present engaged on what some call the "second phase of import substitution," namely the development of its capital goods industry. To-day Brazilian equipment and machinery manufacturers are rapidly expanding their production capacity with numerous Government incentives.

This change is reflected at Volta Redonda. In the second stage of the mill's expansion plan, which is nearing completion, U.S. manufacturers supplied 70 per cent. of the

equipment. In the third in which \$3bn. will be spent, it is still playing a role in Brazil's difficult transition towards self-sufficiency. In the present, it ranks second among Brazil's mills in terms of output. It produces 1.7m. tons of steel in 1976, compared with 2.3m. tons at the Usiminas in the State of Minas Gerais. If it had kept to its original pace, Volta Redonda would have topped the list with 2.5m. tons. However, like the third Cosipa, Volta Redonda lagged well behind its rivals. In the polemic caused by delays, a variety of factors from administrative, to the boycott by the steel industry, have been cited.

Struggle

Although Volta Redonda has lost its former pre-eminence, it is still playing a role in Brazil's difficult transition towards self-sufficiency. In the present, it ranks second among Brazil's mills in terms of output. It produces 1.7m. tons of steel in 1976, compared with 2.3m. tons at the Usiminas in the State of Minas Gerais. If it had kept to its original pace, Volta Redonda would have topped the list with 2.5m. tons. However, like the third Cosipa, Volta Redonda lagged well behind its rivals. In the polemic caused by delays, a variety of factors from administrative, to the boycott by the steel industry, have been cited.

With the completion of the second stage of its plan, Redonda's productive capacity is increasing to 2.5m. tons in 1983. It should rise to 4.6m. tons if the timetable is kept. The steel produced at Redonda is expensive, at \$100 per ton. As well as the cost of the heavy machinery, technical problems also contribute to the high costs. It has to import 70 per cent. of its coal, with a 16 per cent. content, can only be imported in limited proportions. The content of only 6 per cent. comes from the United States and Poland. It also relies on road transport, an absurdly high percentage, about two-thirds of finished product is transported to its destination in the State of São Paulo, little on rail transport. Despite the relative importance of the mill, narrowly economic field maintaining its character as a symbol of national independence.

Suc Bra

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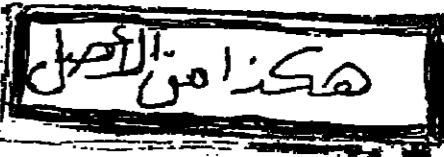
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The stock market

AT foreigners are per- trade in Brazilian kets, the latter's per- and development are to the outside world. neiro boasts Brazil's oldest exchange. is year celebrates a trading but which, 12 other exchanges. Foreign investors in understanding of market developments. ying to cash in on at potential.

velopment of the stock part of a broader equip Brazil with a financial system. steel mills and high- the symbols of pro-

gress, the success of growth plaps depends in the long-run on the development of economic, political and social institutions capable of mobilising productive resources.

To meet the capital needs of growth, the military government which seized power in 1964 undertook the job of overhauling Brazil's antiquated financial system and in the years since the 1965 Capital Markets Law was passed, it has helped create sophisticated and modern financial institutions. However, the job is not yet complete and there are still

The capital market where private companies can raise risk capital and investors can buy and

sell shares is a particularly weak part of the financial system and that has important implications for economic development as a whole.

The shortage of risk capital hinders private investment because companies are forced to borrow with rigid repayment schedules when seeking to undertake new ventures. Moreover, the cost of private financing is between 50 and 60 per cent a year, and though government financing at lower rates is often available, it brings with it red tape and spreading State control.

Private companies are, therefore, at a serious disadvantage when competing with trans-nationals and State-owned com-

pay little attention to minority shareholders' interests or to share performance, thus discouraging potential investors. Companies have been cavalier with dividend payments and controlling interests have organised sales or mergers without regard to the shares' market value.

To develop the market the Geisel government introduced a new corporation law and set up the Comissão de Valores Mobiliários (CVM), Brazil's equivalent of the U.S. Security Exchange Commission. It has also put pressure on market intermediaries through a series of regulations to avail themselves of technical backup.

In part the aim of the corporation law is to see that companies are more truthful in their reporting, follow more attractive dividend policies and pay greater respect to their minority shareholders. The CVM will see that the law is obeyed and police the activities of brokers and other market institutions.

Geisel's policy has quickened the development of institutional investors. The speculator who once dominated trade, especially in Rio, is giving way to insurance companies and the even more important, fiscal funds.

The fiscal funds handle the special income tax rebates to which all individual tax payers have a right if they opt to invest in the stock market. In 1977 these funds will invest approximately Cr\$50n, and insurance companies Cr\$1bn.

Rio exchange chairman, Sr. Liberal said, "The market is dominated by institutional investors." Sr. Julio Krauspenhar, head of the Bank of Boston's investment analysis department, views the trend in positive light because the institutions have the resources to support better market years less than \$50m. has after hitting a high of 17.3 in 1971 and a low of 4.51 in 1974, according to Bank of Boston's Krauspenhar. The question always is: When will the long run begin?

Rapid expansion in shipbuilding

OF SAO PAULO'S to several factors: the high cost of imported components, the high cost of money in Brazil and the high cost of equipment. The Government is strongly encouraging the setting up of a marine equipment industry in Rio. Several new companies, most of them subsidiaries of multinationals or joint ventures with Brazilian companies, have settled in Rio. The proportion of parts produced in Brazil is rising quickly, although there have been teething problems with delays in delivery dates. This in turn has meant that some yards have been unable to honour their delivery dates for a while. Most of the parties seem confident that these problems have now and by the end of been solved.

The main customers for the country will be State-owned shipyards. Brazil's two biggest shipbuilders are Petrobras, the giant oil company, and Docenave, the shipping subsidiary of the huge mining company, Companhia Vale do Rio Docé. Brazil, as a leading importer of Middle East oil and an important exporter of iron ore to Japan, is ideally suited for combination carrier operations. And, for the last few years, these two companies have been working a pooling system with iron/ore vessels.

Undercapitalisation has the side-effect of limiting the ability of the monetary authorities to control inflation. Because the cost of borrowing for companies with gearing ratios of seven and even nine weighs so heavily in total cost, tight money and rising interest rates pervasively touch off another round of price increases in the first instance and can lead quickly to bankruptcy in the second, making the monetary authorities reluctant to be sufficiently strict.

The Geisel administration is devoting particular attention to the stock market with the aim of increasing the resources available for risk ventures and to develop the market's range. In 1975 it gave foreigners permission to trade on Brazilian exchanges and opened special credit lines (PROCAP) to finance underwriting and provide funds for majority shareholders to subscribe for new issues in their companies.

In the same year it furnished the market with some very powerful investors. Geisel decreed that the huge PIS and FASEP social funds should invest part of their resources in stocks and raised the maximum proportion of insurance companies' reserves which could be held in shares from 20 to 45 per cent, with a minimum of 30 per cent.

Insurance companies have been among the strongest performers in the Brazilian econ-

omy, combined assets of PIS and FASEP grew from Cr\$558n. in 1971 to Cr\$59.3bn. in 1976. Now a Bill to regulate closed pension funds is before Congress. This will create yet another institutional investor.

In an attempt to divert capital to the stock market, the Geisel Government made shares a relatively more attractive investment by diminishing many of the incentives given to other forms of saving and raising the level of income tax deductions available to stock investors.

The under-developed nature of brokerage houses and their sometimes irregular behaviour hinders the growth of the market. At the same time companies often pay little attention to their minority shareholders' interests, thus driving away potential investors.

Few brokerage houses have the technical back-up to analyse companies and market trends in depth and even their advice is sometimes suspect. Many are thought to encourage speculation just to gain commissions.

Investors' confidence was shaken in late 1975 and early 1977 when a money market revealed that many brokerage houses were very vulnerable with highly geared portfolios containing government paper worth 30 and even 50 times their own capital. Only government intervention saved several from bankruptcy and the confusion scared off customers.

Companies' behaviour has not encouraged investors to risk their capital in the stock market. In general, companies are caught in a vicious circle—the capital market is not an important source of funds so they market power. "We now have legislation, the capital gains tax

Partnership

is indeed passing period of rapid The shipyards are together vessels. I have been com- and their scope five rs ago. Most of the are swelling Brazil's and by the end of been solved.

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Monopoly

Petrobras has a virtual monopoly over oil transport, mainly because private owners have shown little inclination to enter this field. Brazil's largest shipyard, Iáhibrás, which is the subsidiary of the Japanese company, Ishikawajima, is building four supertankers for Petrobras. Each of these will have a capacity of 277,000 dwt and will be twice as big as the largest tanker previously to have been built in the southern hemisphere. However, given the present situation of world over-supply of supertankers, which significantly is not expecting any European rather more orders of this kind for a long time ahead.

Indeed, both shipowners and tax relief on ship shipbuilders are apprehensive about the future. Two years ago, Sunamam gave the owners with reference permission to move into the dry

When Geisel opened Brazilian exchanges to foreign trading, experts predicted an immediate inflow of \$US 200m. After two years less than \$50m. has arrived. John O. Schrey, director of the Brazil Fund, which was established to administer foreign investments, blames the limited interest on the complexity of the legislation, the capital gains tax

Most observers now think that attracting the individual is vital to counteract the market power of the institutions and increase the resources available. The job of attracting the individual falls on Roberto Teixeira da Costa, chairman of the CVM just now swinging into action.

Sr. Teixeira sees the CVM more as an educator than a policeman. Both investors and companies need to be made aware of the advantages and demands of the stock market but he realises that this is a long term project and he does not expect short-term results.

In fact, the short-term results of most of the measures taken have been disappointing. The market has been in a slump since the collapse of the 1971 boom. Total trade on all Brazilian exchanges in 1971 expanded to Cr\$79bn, and new stock issues and debentures totalled Cr\$28bn. In 1976 trade accounted for Cr\$17bn. New share and debenture issues were Cr\$1.7bn. In 1976 Rio's market index climbed 21.7 per cent, against an inflation rate of 45 per cent.

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RIO DE JANEIRO IV

Tourist attractions

THE FIGURE of Christ on the crooked rock of Corcovado is a favourite subject of Rio humourists. During a bigger-than-usual spell of violence he is pictured with his hands above his head, during a shindig for U.S. travel agents with an empty hat in one outstretched hand, during a property boom re-designed for conversion into a block of flats. But the *carneiros* worship their city, and there is probably nothing short of nuclear attack that will stop Brazilians and foreigners from going there.

Nevertheless, despite Rio's unrivalled geographical attributes, neither the city, the surrounding country nor Brazil as a whole has come close to realising its potential. The main point of access to Brazil, for many the point of access to South America, and the main focus of both local and foreign travellers in Brazil, Rio has the scope to attract many more

people than it does—now some where short of 1m. visitors a year—and to keep them longer. Nearby regions such as the mountainous forests of the Serra dos Orgaos and the strings of beaches north and south of the city are only beginning to be considered seriously in terms of international tourism.

It is still unusual for a first-time visitor to make it to places like Parati, a colonial gold-bloom port on a bay of small tropical islands, in the relief of those who admit such places and to the profit of those who operate Rio's substandard 30-storey hotels.

Organised

Tourism revolves around carnivals, which takes over the city on the four days before Ash Wednesday, when all rooms are booked. Local people dislike the way carnivals is run these

days, think it too organised and unspontaneous, and there are signs that, with permanent stands being built for the parades, it will become more so. The importance of the occasion as an advertising campaign for Brazil in the world outside, means that Brazil's answer to the Folies Bergere will continue to be promoted in the same fashion. The parades and balls are indeed spectacular, few outsiders are disappointed, and the Prefecture loses a third of the \$5m. it spends on the occasion.

The bulk of visitors come around this time, the high summer of December to March, and the volume thins out over the rest of the year despite the evenness of the climate. Unfortunately, up-to-date figures for tourists are "still in the computer," but the Prefecture reckons that last year's inflow was 15 per cent. up on 1975's total of 575,000, and hopes its

new programmes will lead to annual increases of 30 per cent. It is currently engaged in an inventory of Rio's attractions and facilities, wooing travel agents at great expense (a conference of the American Society of Travel Agents in 1975 cost the Brazilians \$1.5m. and the volume of U.S. tourists has since been going down), and promoting sports and cultural projects. A marina is being planned, a motor-racing track has just been completed, and the programme of "events" is being stepped up to two a month.

On the arts side, a Black Rio festival has been organised this year to bring out the strong negro cultural element, a regular series of international concerts started, classical music planned in the baroque churches, and a sort of *sois et lumieres* scheme devised under the arches which used to carry water down into the imperial city, and now carry a quaint tramline.

Rioters, the people responsible for the carnivals, are building a \$30m. convention centre south of the city, designed to replace the current overcrowded exhibition facilities at São Cristovão, and they hope to rival São Paulo's Anhembi Park. Its 500,000 square feet constructed area is due to be baptised in time for a conference in October.

The problem is getting the private sector, to which the tourist trade traditionally belongs, to respond. Rio lacks

medium-price hotels, and despite its rollicking reputation its night life, in the words of Sr. Victor Pinheiro, Riotour chairman, "is difficult and, when possible, expensive." Hotel accommodation, according to the Prefecture, has doubled in the last two years from 6,200 to 13,000 rooms, but nearly all the hotels aim for the top end of the market.

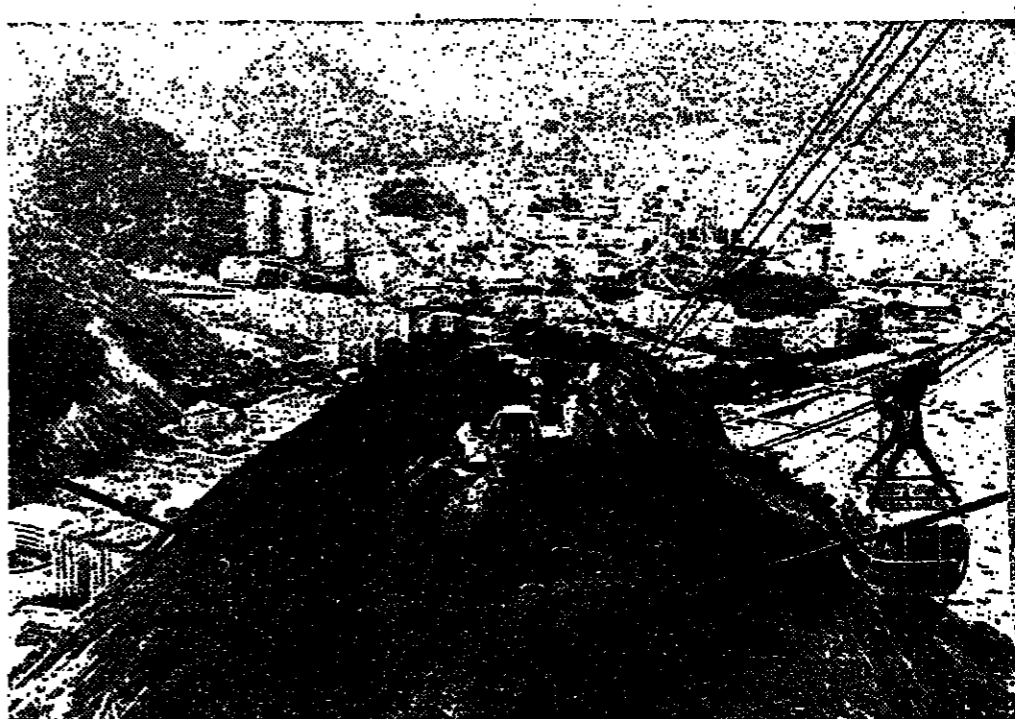
There is a plan to classify hotels, but nothing has been done towards this so far. The same applies to a scheme for tax exemption on purchases made with hard currency. The availability of guides and information is being improved, and smart locker and lifesaver installations are being designed for the main beaches.

Challenge

But Rio and the country beyond it are still a challenge for the individual itinerant traveller. He will have little guidance in his own language except on the vertiginous cable car to the Sugar Loaf, where "the company reserves the right to stop earlier when unfavourable conditions of operation" have trouble getting through airport formalities and be charged any amount for "special" taxi trips. The authorities, feeling powerless to do anything about the latter, have instead hit on a scheme to offer taxi drivers courses in subjects such as German, baroque architecture and psychology.



Above: Copacabana beach. Below: A view of Rio from Sugar Loaf mountain.



THE REAL ESTATE MARKET IN BRAZIL

The investment opportunities in Brazilian Real Estate have been some of the best in terms of return on equity.

The average return on equity for this kind of investment has been 22% a year, in constant (deflated) terms.

The reason for this has been the scarcity of land in the metropolitan areas, the rapid increase of a young population, the increase of the gross national product in the last ten years and the migration of the population from rural areas to the big cities.

These facts have contributed strongly to the establishment of a privileged market for new residential and commercial units.

This analysis is based on our experience of more than 15 years of intensive operation in the Brazilian Real Estate market. Embraplan is made up of a highly trained staff of economists, architects, engineers, lawyers and project managers, with backgrounds reflecting experience obtained in more than 250 developments of different characteristics, including residential and commercial buildings, shopping centres, hotels, and resort developments.

Embraplan has developed, in the past two years, real estate projects with a sales value of almost US\$ 100,000,000.00. The success of these projects can be measured by a sales index of 90.2% on the units offered.

Embraplan was founded to serve any person or company wishing to invest in the Brazilian Real Estate market, doing any kind of work, as far as consulting and planning is concerned, from the purchase of the land, to the architectural plans, mortgages, marketing and sales.



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ABOUT A million people in Rio de Janeiro live in slums. The population of the *favelas*, a fifth of the city's inhabitants, is growing steadily. New *favelas* spring up, on hillsides, waste ground or at the edge of the bay, faster than old ones disappear. Two, Rocinha and Jacarezinho, have grown to around 100,000 inhabitants.

Independent zones within the city, the bigger *favelas* are quite firmly established townships. They often have a nucleus of brick buildings, shops, quack doctors' "clinics" and pedlars whose trade is re-selling electricity. Dwellings are sold or rented with price scales usually determined by how close they are to the waterpipe.

The typical home of the *favelado* is a squat structure made of wood from packing cases and pieces of tin, with a zinc roof weighted down by stones to stop it blowing away. Wooden slats are placed on the floor to avoid the mud when it rains and sometimes to serve as a bed. Shacks are built almost on top of each other, and the small gaps in between used to deposit kitchen waste. Water is a constant problem, often involving a long trek down the hillside and back up again with a full can. In the summer rains, people live in fear of mudslides.

Rio's slums are not a 19th century leftover but a product of industrialisation, which has taken place mostly in the last 45 years, and of the accompanying decline of the countryside. The word *favela* was not used until the turn of the century, when it was applied to a group of buildings constructed as an emergency housing scheme on a spot called Providence Hill. The hill was put up to billet soldiers who had put down a revolt in Bahia in 1897, a campaign in which a certain Favela Hill became famous—*favela* being a tree of the Bahia outback.

When the soldiers were posted to barracks elsewhere, the dwellings were sold or rented to the poor people. That was the first *favela*. At the latest count of the State Secretariat for Security, there are now 273 of them. The proportion of the total population living in these conditions has increased from 7.5 per cent. in 1950 to 20 per cent.



A typical slum settlement on the outskirts of Rio.

not have. The housing problem is left in the hands of the state of Rio de Janeiro administration and a benevolent institution, the Leo XIII Foundation.

The *favelados* come mostly from the outlying towns of the State, where the population is declining, from São Paulo, Minas Gerais, and north-east Brazil. New arrivals have the choice of that or the sprawling northern suburbs, where conditions are better but which are usually hours away from the nearest work. "Suburbs" is perhaps an understatement. Nova Iguaçu, with over 1m. inhabitants, overrun with violence and the scene of many "Death Squad" murders, counts as the seventh city of Brazil—but is simply a dormitory for people who trek to work in Rio.

The growth of these outlying areas clogs the city's transport system, and transport problems are probably the most important factor which keeps the *favelas* in business. "Nobody," as the city's Planning Secretary said, "is going to live in a *favela* for kicks."

People living in the suburbs often have to get up at 4 a.m. to spend two or three hours getting to a job which does not pay them enough to be able to afford the extra cruzeiros needed for a coach rather than a dedicated, instead, to improving conditions within existing forms are packed by five. Until recently, travel into town was so bad that the normally long-ran suffering passengers started sacking trains and stations, infuriated by long delays which in many cases ended up in lost jobs. People packing into carriages would have to fight to keep hold of their lunch canisters in the crush.

The risk of a major flare-up prompted the federal Government to flush out the railway

company's directors and put in an army hero from the Amazon, Colonel Carlos Weber, to sort out the suburban trains, which have since improved. With new Japanese carriages the daily scene of people clinging on to the sides and roofs of speeding trains is starting to disappear, but the service is still inadequate.

Grandiose

Colonel Weber aims to increase rail's share of mass transport to 52 per cent. in 1980 from the present 17 per cent. But the much-needed suburban trains are taking second place to a grandiose underground railway scheme, with a first 11 miles of priority line due to start operating in 1978, at a cost of about \$1bn.

The Metro, which has already taken nine years since a detailed project was drawn up and 40 years since it was first proposed by the then Canadian-owned tram company, is criticised on two fronts—first because of the blockages created by the cut-and-cover construction work and second because it is seen as "a lot of money for little result." Even when full, experts estimate that the Metro, built with French assistance, will carry only 8 per cent. of passenger traffic.

More transport problems loom with new city developments and the difficulty in co-ordinating policy between the federal Government, which runs the trains, the State, which runs the underground project, and the Prefecture, which runs Rio's 6,000 buses.

The contrast between the impressive and the inadequate, plies throughout the gamut of urban facilities. Rio has excellent public hospitals, but the authorities have wiped out the traditional diseases of low fever, malaria and pleurisy in the urban areas, and stemmed the winter outbreaks of meningitis, which particularly hit the *favelados*, there are regular long queues at health offices and disaffected among young doctors, whom the Prefecture pays \$1,700 a month. The municipal Secretary of Health was unable to supply information about infant mortality, which three years ago was showing signs of increasing. Rio has probably the country's best schooling record, with 94.8 per cent. of children enrolled, and 94.8 per cent. of teachers are qualified, although at the primary level they are only £18 a week when they start, rising to a princely £20 after 20 years' experience. Authorities claim that they alone, in enforcing the law which makes schooling compulsory for children between 6 and 14.

At a recent census, however, 67,536 children in this bracket were found to be of school-age—a third of these cause there was no room for them, the others because mental or physical handicaps because their parents had no money, because they lived far from school, or because they had to work.

Removed

Some of the slums in residential areas have been removed. A state housing authority, Cehab, builds inexpensive accommodation in outlying districts, but as there is usually no work to be had in these districts many people find their way back to new slums. When a whole condition was evacuated earlier this year because of a 10,000 ton rock which threatened to fall on to it, many of the uprooted people simply started again in the same conditions elsewhere, minus the home they had worked for.

Realising the pointlessness of building new homes where people did not want to live, the authorities set up a company dedicated to improving conditions within existing forms are packed by five. Until recently, travel into town was so bad that the normally long-ran suffering passengers started sacking trains and stations, infuriated by long delays which in many cases ended up in lost jobs. People packing into carriages would have to fight to keep hold of their lunch canisters in the crush.

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London Representative Office: Brazil Property Investments Ltd., 17b Curzon Street, London W1Y 7FF. Tel.: 01-493 7435, 01-493 0531, Telex: 25922.

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RAISING RAW MATERIALS

Price rise coffee

Silkin predicts end to U.K. food price spiral

By John Edwards, Commodities Editor

GOOD CROPS at home and abroad...

The housewife should benefit as well in a more direct way...

There was little reaction in London and Chicago grain futures markets...

Free stocks are very overvalued...

There was also the prospect of a bumper crop...

It is feared British farmers may be tempted to hold selling...

Export registration force for July...

Mr. Silkin hoped that exporters would pass on any fall in raw material costs...

There was little scope for a further significant decline...

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New bid to end copper strike

By Our Commodities Staff

THE U.S. copper producer, Kennecott, confirmed yesterday that it had reached agreement on a new labor contract...

Other producers are also planning to hold new talks with unions seeking a settlement...

These new moves to end the U.S. strike brought a generally easier tone on the London copper market yesterday...

The price of copper held steady, despite a sharp rise in the Peking market...

It is feared British farmers may be tempted to hold selling...

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WASTE IN THE FOOD CYCLE

Our dustbins runneth over

By Christopher Parkes

A PEEK into the domestic dustbins is enough to convince anyone that every day's cooking and eating involve an enormous amount of waste...

On the farm and in the slaughterhouse the story is the same. And at the utmost extreme there are reports that India has millions of tonnes of grain going to rot and to the rats for want of storage space...

Now, in a paper prepared for a recent meeting of the Nutrition Society, there is an attempt to draft a catalogue of waste in the human food cycle...

While the report, prepared by R. A. Lawrie of the University of Nottingham School of Agriculture, did not pretend to be exhaustive, it was mainly confined to a consideration of waste in the U.K. It served to illuminate with chilling clarity one of the darker corners of the human economy...

While an estimated 5 per cent of the world's crops are lost to insects and 7 per cent to microbial disease, even in sophisticated, spray-happy Britain plant diseases accounts for the loss of 6 per cent of the wheat and 14 per cent of the barley crop...

Disease lops the value of the strawberry crop here by 25m a year. Birds among the buds and fruits rob apple near as much farmers to the tune of 4m.

Harvesting machinery, Mr. Lawrie says, is responsible for an awesome 100m of losses each year. Potatoes and other roots are left in the ground or bruised and bumped on lifting...

None of the food cycle is exempt from blame, and while the famous may wish to blame a good case for making more of the entrails of our food animals...

Mr. Lawrie says, concludes up to 17 per cent protein, the rumen, reticulum and other parts of the digestive tract are bristled and bumped on lifting...

However, because there are six 'metric' sizes to be accounted for, some have to be lumped together. For example, the present large egg, which weighs at least 62 grams, has to be superseded by three EEC sizes...

Goldney is starting its scheme on Monday, November 14 and other major branded eggs firms are expected to switch from traditional sizes in the next few weeks...

These new sizes corresponding closest to the existing British designations will be sold in coloured packs. The present Goldney colours of blue for large, pink for standard and green for medium will be retained.

Similarly valuable. And the bowls of the food cycle reveals that each year, 250,000 tons of protein are lost to the waste bin...

But the most significant waste occurs among the more conventional livestock species and in the mainstream of food production. First losses are felt on the farm more or less as soon as the stock is sown or the seed is sown...

From then on until the end product is ingested by the consumer, losses occur constantly. And in spite of the plethora of figures provided from all the disparate sources, Mr. Lawrie's paper says that while many million pounds' worth of food is wasted daily, no one has any real idea of the global cost of the combined social, political and technical failings which are the root causes of the waste.

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Japan demands sugar price cut

By Our Own Correspondent

JAPANESE SUGAR refiners would have saved them \$A75m on board a chartered Russian ship...

Unless an eleven-hour agreement is reached, two more shipments now on their way to Japan are at risk of being refused...

Governments on both sides have been reluctant to enter the arena, although the long-term contract is covered by an exchange of letters between the two national governments...

Mr. Takeya, Queensland adds: Neither the Australians nor the Japanese are yet talking about a permanent interruption of sugar supplies. But Australian producers are worried about holding the Japanese to a high contract price and losing a chance for a new supply agreement beyond 1980...

That is why CSR, in the words of one of its negotiators, did not tell the Japanese to 'go to hell' in the first place and hold the reins to the letter of their five-year contract...

A spokesman for Queensland New South Wales growers adds: Neither the Australians nor the Japanese are yet talking about a permanent interruption of sugar supplies. But Australian producers are worried about holding the Japanese to a high contract price and losing a chance for a new supply agreement beyond 1980...

He said that growers were anxious for CSR to act decisively and take legal action against the refiners for breach of contract...

Dealers also thought the trade had over-reacted to forecasts of a big beet crop in the EEC. The weekly EEC sugar export tender, which usually figures as a significant influence in mid-week trading, had little apparent effect even though the maximum export subsidy was increased from 23.80 to 22.991 n.a.

The Brussels Commission authorised exports of 34,760 tonnes of white sugar...

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Sugar falls below £100

By Our Commodities Staff

THE LONDON daily price for sugar fell below £100 a tonne for the first time since October 1973 yesterday...

The futures market held up fairly well, however, and the October 1977 contract closed at £108.65. Trade sources said the market was helped by steadiness in New York and a vehement denial from Rio de Janeiro of New York rumours that Brazil was on the brink of selling off most of its 500,000-tonne stock...

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Australian wool stocks decline

By Our Commodities Staff

MELBOURNE, July 13. AUSTRALIAN WOOL Corporation stocks on June 24 were 1,088m bales from 1.097m on May 27 and 1.352m on April 27...

Harvesting machinery, Mr. Lawrie says, is responsible for an awesome 100m of losses each year. Potatoes and other roots are left in the ground or bruised and bumped on lifting...

None of the food cycle is exempt from blame, and while the famous may wish to blame a good case for making more of the entrails of our food animals...

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STOCK EXCHANGE REPORT

Firm again ahead of White Paper on pay and prices Share index up 3.6 at 449.9 for two-day rise of 10.1

Account Dealing Dates
Option
First Declara- Last Account
Dealings Dealings Date
Jan 27 July 7 July 19
July 11 July 21 July 22 Aug 2
July 25 Aug 4 Aug 5 Aug 16

Press comment on the lessened chances of a Government-TUC agreement on wages after the end of the month was countered in stock markets yesterday by optimism that the official stance will be maintained in respect of Government spending and monetary targets. Awaiting today's trade figures and in anticipation of the White Paper on pay and prices, Tuesday's tentative move forward on hopes for a turnaround in the inflation rate taken a stage further on small buying and the continued absence of sellers. Markets generally went ahead under the lead of gilt-edged and wide spreads in this sector, generally to 1, took the Government Securities index up 0.4 more to 67.75; gilt futures were improving further in the after-hours trade.

supply statistics, both due to-day, and the Government's promised White Paper on pay and prices; the last-named is expected within the next few days. The upward progress was gradual but with interruptions almost non-existent and quotations were at their highest in the after-hours' business. The only existing tap issue, Treasury 1 1/2 per cent, 1981, recovered after its recent lean spell to close 3 better at 27 in 250-paid form. Corporations were included in the upturn and established at 1 1/2; the recently-issued Sunderland 12 1/2 per cent, 1984, rallied 1 1/2 to 27 in 510-paid form.

Towards the close of business in the investment currency market, small demand for investment in U.S. securities caused the premium to harden from 110 1/2 to 111 per cent, for a net rise of 1 1/2. Yesterday's conversion factor was 0.7181 (0.7172).

Home Banks firm
Fresh enthusiasm about the forthcoming interim dividend season imparted firmness to Home Shares. The FT 100 rose 3 1/2 to 230.9, followed by the FT 250, which gained 4 1/2 to 298.9, while the National Westminster improved 3 to 200. Amongst Merchant Banks, the City of London rose 1 1/2 to 275 following the chairman's statement at the annual meeting. Discounted Cater Ryder 3 better at 265 1/2, while the foreign interest to appreciate included ANZ 3 3/4, Bank of New South Wales 4 3/4, and Commercial of Australia 2 7/8, all around 5 higher.

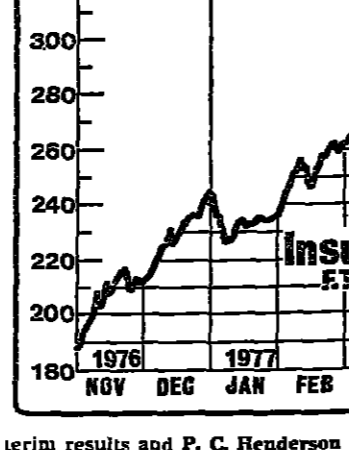
Further consideration of Pirelli's bond preliminary figures not only raised Hoge Robinson 4 to 150, but also insurance brokers' shares, which were in a mixed mood. C. T. Gwynne, 7 up at 223, and Miner, similarly, rose at 130. Elsewhere, Composites 8 up at 103, while Commercial Union improved 2 to 128, the latter ahead of the interim results on August 5.

Publicity given to the Price Commission's investigation into beer and cut prices failed to deter breweries which were better where changed. Scottish and Newcastle finished 1 1/2 up at 32 1/2 following preliminary figures which matched market estimates. Whitbread A were a penny better at 50 1/2 on the proposed beer price increase, while A. Guinness, 12 1/2 up at 236, put on 2 points, and Allied 7 3/4, put on 2 points.

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despite the small increase in first-half profits, Mears Bros. declined 2 to 26 1/2, while M. L. Meyer reacted 4 to 64, on further consideration of Tuesday's annual results. Similarly, International Timber ended a penny lower at 164, after 10 1/2p. Heywood Williams reacted 3 to 51 1/2 and losses of 3 were sustained by Johnson-Richards Tiles, 200, and Nottingham Brick, 170p. On the other hand, buyers in a thin market lifted Tunnel B S to 182p, while AP Cement improved 3 to 183p, after 18 1/2p. G. Dew hardened 3 to 194p in front of to-day's interim results and P. C. Henderson gained 4 to 56p.



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Reports of growing opposition to the proposed merger with Clarke Chapman prompted firmness in Reynolds Parson, which moved 1 1/2 to 176p. CC rose 5 to 77p. GEC met with buyers and put on 6 to 208. Ward and Goldstone put on 2 more to 108p, and Decca A gained 1 1/2 to 322p, the latter in a limited market. United Scientific, an old take-over favourite, advanced 8 to 178. Newn Industries hardened a penny to 58p following the chairman's encouraging remarks at the annual meeting.

Following news of a 340p share cash offer from Hawker Siddeley for L. Gardner dealings in the latter, which were suspended on Monday at 230p, were resumed yesterday at 12.50 p.m. on Monday, up 1 1/2 more at 345p. Subsequent speculation that Rolls-Royce Motor (2 better at 69p), which holds a near 17 per cent stake in Gardner, may counter the bid tone, Gardner up to 370p. Hawker Siddeley closed unaltered on the day at 172p. Other Engineering leaders tended to recover earlier small losses. GKN finished 2 up at 334, after 331p, and Tube unaltered at 41p, after 410p. Vickers improved 2 to 188p, with profit-taking causing a fair amount of minor losses. Ball Engineering gained 4 to 52p on

news that Marchwell had increased its holding in the company to 7 per cent. Birmid Quacquarelli reacted 3 better at 50p after the interim results. Batterfield-Harvey improved 1 1/2 more to 60p, not so much reflecting annual results, which were little altered from last year, as awaiting news of bid talks with Babcock and Wilcox, a penny better at 101p. P. Eyrebrooke gained 3 1/2 to 90p ahead of next Tuesday's results. Dull spots included Fairair, which fell 1 1/2 to 78p on reports that it was one of a number of hands out of the market. A. Cohen

Reeve Angel up 5 more to 285p and IC Gas firmed 10 to 400p. Kelsey Industries picked up 4 to 112p in response to the spin proposals, while Siebe Gorman improved 2 more to 155p on the results. Occasional buying interest was shown in Royal Worcester, dearer at 127p, and Cosalt, 3 to the good at 58p. On the other hand, Marling Industries reacted 1 1/2 to 164p on the profits setback and Anglo American Asphalt failed to benefit from the preliminary results, easing 3 to 72p. Negrelli and Zambra reacted 3 to 64p on the company's denial of a bid approach. Leading miscellaneities reacted to news that was included Bowater, 180p, Reckitt and Colman, 472p, and Unilever, 484p, all of which were around and Oerain, higher at 180p, firmed 6 to 405p following the full report.

Motors and Distributors saw more business than of late following Press comment. ERB rose 3 1/2 to 200p for a two-day gain of 12; sentiment was still buoyed by bid hopes and the substantial recovery in trading. Fedex, a dull market since the abortive Rolls-Royce bid, rallied 2 to 50p on the preliminary figures. Speculative activity was a factor in Clayton Dewandra, 2 better at 108p, and the amount of Oerain, higher at 180p, firmed 6 to 405p following the full report.

active trading on further consideration of the interim figures. Amongst Paper, Inveresk lost 2 more to 65p still on the proposed rights offer. Dolan Packaging were a penny harder at 165p when dealings were suspended pending an announcement, which was a 180p share cash offer from Canadian Overseas Packaging Industries came well after market hours. Jacksons Bourne End were lowered 5 to 42 1/2p on the annual loss.

BP case
The Oil leaders were overshadowed by the events in LASMO. Late U.S. selling left British Petroleum 4 cheaper at 918p, while the partly-paid ended 5 down at 370p in sympathy. Shell, however, edged up 4 to 562p. North Sea speculation was again evident in selected issues, Siebens (U.K.) rising 10 more to 100p and Oil Exploration 5 further to 205p. Tricorner rose 6 to 182p. LASMO OPS, up 5 to 325p, reflected the better-than-expected premium on the Ordinary shares in yesterday's first-time dealings.

Selective demand was seen in the Property sector and Bradford Household Goods (2) more to 133p, still influenced by the recent annual review. Capital and Counties improved 1 1/2 to 30p and Avenue Close advanced 3 to 60p. Investment Trusts closed on a

firm note. Stockholders Investment Trust ended 2 up at 78p following the placing of its London and Aberdeen Investment Deferred Ordinary shares, while Foreign and Colonial, 138p, and Scottish National, 123p, put on 3 apiece in Financials. Yule Catto edged up 2 to 48p in front of to-day's interim.

Although business increased, movements in Shippings were generally modest. P. and O. Deferred did better than most with a rise of 4 to 150p in active trading, while Common Sea, improved 6 to 228p. Awaiting to-day's interim reports, shipping fluctuated narrowly before closing at the overnight level of 71p. Amongst Plantations, Jakt Tea finished 3 better at 230p; new of the company's revised terms of Stewart Holt Holdings had little impact.

Northgate suspended
Dealings in shares of Northgate Exploration, Tara Exploration and Westfield Minerals were suspended at the outset of trading in Canadian markets and correspondingly here, following news that Tara proposes to purchase 1m shares in Northgate at \$U.S.7.50 (43p) per share, a move that will bring Northgate's holding in Northgate up to 22 per cent.

Northgate were suspended at a year's high of 473p—a rise on the day of 15 and a two-day gain of 60p—while Westfield, which controls 13.8 per cent of Northgate, were suspended at 110p, for a day's advance of 13. Tara were 1 harder at 141p prior to the suspension.

Meanwhile, business in South African Gold producers was much less than on Tuesday with small profit-taking causing prices to ease marginally, producing a 0.7 reaction in the Gold Mines index to 116.2, despite the rise in the metal price which was finally \$150 up at \$143.373 per ounce.

The Republic's Financial issues, however, continued to make headway with Gold Fields of South Africa, a point higher at 111, "Johnnies" a half-point better at 121 1/2 and General Mining firmer at a year's high of 116 following Cape and U.S. interest.

London-registered Financials also continued to gain ground reflecting the better tone in Gold and the U.K. equity market. Selection Trust closed 16 up at 450p. Gold Fields 4 higher at 140p, while Charter and RTZ were both firmer at 125p and 205p respectively.

Tins were mixed with sentiment adversely affected by the weakness in the metal price in Penang. Ayer Hitam dropped 10 more to 320p on further consideration of the partly-paid output.

Elsewhere, silvermines were another 4 higher at 187 1/2 high of 48p following continued Irish support, while Hampton Areas hardened 2 to 87p in response to the higher profits.

FINANCIAL TIMES STOCK INDICES

	July 13	July 14	July 13	July 14	July 13	July 14	% Chg
Government Secs.	67.75	67.41	67.35	67.41	67.12	67.37	62.85
Fixed Interest	68.24	68.04	67.71	68.07	67.92	68.26	62.42
Industrial Ordinary	449.9	446.3	439.8	443.7	441.4	445.9	389.1
Gold Mines	116.3	116.9	111.7	111.0	110.2	110.2	146.5
Ord. Div. Yield	5.83	5.87	5.43	5.25	5.26	5.26	16.09
Earnings Yield (%)	15.84	15.84	15.13	15.86	15.95	15.85	15.83
P/E Ratio (incl. Div.)	9.13	9.13	9.07	9.06	9.13	9.22	9.20
Dividend Yield (%)	4.855	4.855	4.698	4.994	5.11	4.900	4.267
Equity turnover %	—	—	80.11	43.00	61.49	75.50	47.69
Equity margins total	—	—	15.216	15.074	15.208	15.274	15.827
15.827	15.827	15.827	15.827	15.827	15.827	15.827	15.827

HIGHS AND LOWS

	1977 High	1977 Low	1977 High	1977 Low	1977 High	1977 Low
Govt. Secs.	71.98	60.45	127.4	49.18	134.6	121.6
Fixed Int.	71.19	60.49	110.2	52.83	148.1	121.6
Ind. Ord.	477.4	357.6	543.6	49.4	141.1	129.7
Gold Mines	117.4	110.2	119.7	110.2	160.5	163.1

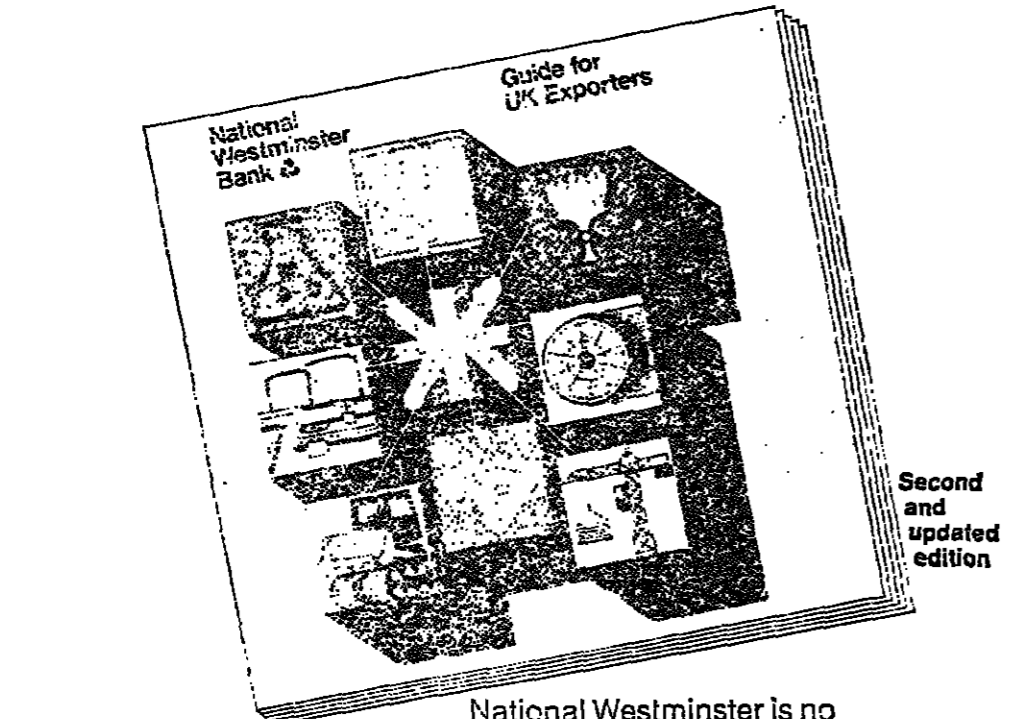
ACTIVE STOCKS

Stock	Denomina- tion	No. of shares	Closing price	Change on day	1977 High	1977 Low
ICI	£1	13	395	—	415	325
GEC	25p	12	206	+6	209	163
Tate & Lyle	1 1/2	11	212	+6	219	192
BATs Div.	£1	9	176	+5	182	162
Rank Org.	25p	9	170	+5	216	128
Barclays Bank	£1	8	280	+6	283	224
Shell Transport	25p	7	582	+4	583	439
Burmah Oil	£1	7	146	+4	187	123
Hawker Siddeley	25p	7	173	+4	173	113
T. Houses Forte	25p	7	133	+1	137	112
U.S.	25p	7	85	+2	78	17
British Leyland	25p	6	6	+2	139	120
Distillers	50p	6	143	+2	139	120

NEW HIGHS AND LOWS FOR 1977

Stock	High	Low
ICI	415	325
GEC	209	163
Tate & Lyle	219	192
BATs Div.	182	162
Rank Org.	216	128
Barclays Bank	283	224
Shell Transport	583	439
Burmah Oil	187	123
Hawker Siddeley	173	113
T. Houses Forte	137	112
U.S.	78	17
British Leyland	139	120
Distillers	139	120

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RECENT ISSUES

EQUITIES

Issue	Price	Change
BP (H.L.A.)	370	+5
City of London	275	+1 1/2
Learno	169	+6 1/2
L.W. A.	85	+1 1/2
Society's	165	+2

FIXED INTEREST STOCKS

Issue	Price	Change
Agria Mortgage	98 1/2	+1/4
Burnley 12 1/2	104 1/4	+1/4
East Surrey Water	97 1/2	+1/4
Mathewson Inv.	108 1/2	+1/4
Southern Water	99 1/2	+1/4
Water & Gas	101 1/2	+1/4
Water & Gas	105 1/2	+1/4
Water & Gas	105 1/2	+1/4

"RIGHTS" OFFERS

Issue	Price	Change
Alfred Beckett	115	+4
Anglo-Soviet	35	+4
Amalgamated Power	94	+2
Aurum Holdings	51 1/2	+1/2
Bank of India	110 1/2	+1/2
Bank of India	110 1/2	+1/2
Bank of India	110 1/2	+1/2

FT—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS

GROUPS & SUB-SECTIONS	Index No.	Day's Change %	1977 High	1977 Low	1977 High	1977 Low
1 CAPITAL GOODS (27)	182.80	+1.8	18.40	5.86	7.95	188.97
2 Building Materials (26)	151.48	+0.5	19.76	6.73	7.44	150.48
3 Contracting, Construction (25)	246.65	+1.3	21.45	4.72	6.98	244.27
4 Electricals (16)	378.96	+2.3	17.01	4.53	6.32	357.38
5 Engineering (Heavy) (18)	264.40	+0.8	22.22	6.59	8.29	262.74
6 Engineering (General) (17)	245.87	+0.5	17.78	6.45	8.29	243.70
7 Machine and Other Tools (8)	91.27	+0.1	12.90	7.82	6.36	91.31
8 Miscellaneous (21)	149.94	+0.6	17.87	6.96	7.90	149.11
CONSUMER GOODS						
9 DURABLES (23)	173.17	+1.1	17.29	4.99	8.47	171.29
10 Electricals, Radio TV (13)	206.72	+1.1	16.83	3.98	9.28	205.81
11 Household Goods (12)	162.18	+0.6	20.02	7.62	8.53	161.18
12 Motors and Distributors (25)	112.08	+1.2	18.50	6.13	8.01	109.79
CONSUMER SERVICES						
13 NON-DURABLES (17)	166.96	+1.0	16.81	6.32	8.65	165.37
14 Breweries (15)	177.85	+1.0	15.98	6.95	9.46	173.18
15 Wines and Spirits (8)	289.09	+1.3	13.57	6.13	10.34	285.98
16 Entertainment, Catering (16)	216.93	+0.6	15.85	7.59	8.37	215.36
17 Food Manufacturing (21)	175.59	+0.7	15.72	6.57	8.29	173.59
18 Food Retailing (17)	173.68	+0.8	14.89	5.83	9.57	172.39
19 Newspapers, Publishing (15)	302.51	+0.3	18.95	3.89	15.91	300.43
20 Packaging and Paper (14)	122.64	+0.7	12.35	7.00	8.25	120.59
21 Stores (26)	145.95	+0.7	12.11	5.20	12.51	144.98
22 Textiles (26)	166.86	+0.8	20.27	7.70	8.75	164.75
23 Tobacco (10)	202.40	+0.7	16.72	8.21	9.58	201.39
24 Toys and Games (9)	98.38	+0.2	19.63	6.40	7.03	98.37
OTHER GROUPS (24)						
25 Chemicals (27)	254.42	+0.2	14.73	4.72	9.58	253.87
26 Office Equip. (6)	103.23	+2.9	14.88	5.53	8.47	101.59
27 Shipping (10)	493.10	+1.7	15.56	5.76	8.36	489.19
28 Miscellaneous (22)	175.59	+0.7	15.72	6.57	8.29	173.59
INDUSTRIAL GROUP (48)	188.89	+0.9	16.94	5.52	8.59	177.33
51 Oils (6)	597.87	+0.1	10.66	5.68	5.68	598.64
52 SMO SHARE INDEX	207.27	+0.8	16.77	5.54	8.90	205.73
53 FINANCIAL GROUP (18)	137.92	+1.2	—	—	—	136.25
54 Banks (10)	157.46	+1.8	26.52	6.11	5.78	154.63
55 Discount Houses (10)	175.67	+0.2	—	—	—	175.59
56 Hire Purchase (6)	134.76	+2.9	6.91	—	22.27	132.48
57 Insurance (Life) (10)	106.04	+1.1	—	—	—	105.82
58 Insurance (Composite) (8)	110.85	+0.7	—	—	—	110.88
59 Insurance Brokers (10)	298.97	+1.7	13.11	4.44	11.57	295.90
60 Merchant Banks (14)	66.27	+1.1	—	—	—	65.53
61 Property (27)	188.88	+2.1	4.59	3.14	36.13	186.94
62 Miscellaneous (2)	82.52	+0.7	—	—	—	82.52
63 Investment Trusts (50)	173.45	+1.2	2.82	4.94	36.89	171.39
64 Mining Finance (4)	91.52	+2.2	16.57	5.94	8.56	88.73
65 Overseas Finance (18)	272.59	+0.9	16.73	6.72	8.30	269.30
66 ALL-SHARE INDEX (62)	182.82	+0.9	—	—	—	182.82

FIXED INTEREST PRICE INDICES

British Government	Wed. 13	Day's Change %	20-yr. to date	10-yr. to date	5-yr. to date	1-yr. to date
1 Under 5 years	107.67	+0.28	—	4.31	—	—
2 5-15 years	120.49	+0.51	—	5.82	—	—
3 Over 15 years	122.49	+0.52				

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

Table of authorised unit trusts including Royal Bank, Guardian Royal, Practical Invest, Provincial Life, and others. Columns include fund name, manager, and performance data.

Table of offshore and overseas funds including Fidelity, Kemp-Coo, and various international investment funds. Columns include fund name, manager, and performance data.

BASE LENDING RATES

Table of base lending rates for various banks including Bank of America, Citibank, and others. Columns include bank name and rate.

NEW HIGHS AND RECORDS

Table of new highs and records for various unit trusts and funds. Columns include fund name and date of record.

INSURANCE, PROPERTY, BONDS

Table of insurance, property, and bond offerings from various companies including Abbey Life, Equi & Law, and others. Columns include company name and product details.

MEMBERS AND LAGGARDS

Table of members and laggards for various unit trusts and funds. Columns include fund name and performance metrics.

PUBLIC NOTICES

Public notices regarding financial matters, including council bills and company announcements.

NOTES

Notes and financial information, including interest rates and market commentary.

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INDUSTRIALS - Continued

Table of industrial stocks including companies like British Leyland, Ford, and various engineering firms with their respective prices and market data.

MOTORS, AIRCRAFT TRADES

Table listing motor and aircraft related companies such as British Leyland, Ford, and various engineering firms.

PROPERTY - Continued

Table of property-related stocks and companies, including various real estate and construction firms.

TRUSTS - Continued

Table of trust-related stocks and companies, including various investment and financial trusts.

TRUSTS - Continued

Table of trust-related stocks and companies, including various investment and financial trusts.

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MINES - Continued. Table listing various mining companies and their stock prices.

AUSTRALIAN. Table listing Australian stocks and their prices.

TINS. Table listing tin-related stocks and their prices.

MISCELLANEOUS. Table listing various miscellaneous stocks and their prices.

NOTES. Detailed notes and commentary regarding the stock market, including information on dividends, interest rates, and market trends.

This service is available to every Company dealt in our Stock Exchange through the United Kingdom for a fee of £400 per annum for each security.

REGIONAL MARKETS. Table listing regional market data for various areas.

IRISH. Table listing Irish stocks and their prices.

OPTIONS. Table listing options contracts and their prices.

A selection of Options traded is given on the London Stock Exchange Report page.

NEWSPAPERS, PUBLISHERS

Table listing newspaper and publishing companies.

PAPEL, PRINTING, ADVERTISING

Table listing paper, printing, and advertising companies.

PROPERTY

Table listing property-related companies and their stock prices.

SHOES AND LEATHER

Table listing shoe and leather companies.

TEXTILES

Table listing textile companies.

TORRACOS

Table listing tobacco companies.

TRUSTS, FINANCE, LAND

Table listing trusts, finance, and land-related companies.

SHIPPING

Table listing shipping companies.

SHIPBUILDERS, REPAIRERS

Table listing shipbuilders and repairers.

SHOES AND LEATHER

Table listing shoe and leather companies.

TEXTILES

Table listing textile companies.

TORRACOS

Table listing tobacco companies.

TRUSTS, FINANCE, LAND

Table listing trusts, finance, and land-related companies.

OVERSEAS TRADERS

Table listing overseas trading companies.

RUBBERS AND SISALS

Table listing rubber and sisal companies.

TEAS

Table listing tea companies.

MINES

Table listing mining companies.

CENTRAL RAND

Table listing central rand mining companies.

EASTERN RAND

Table listing eastern rand mining companies.

FAR WEST RAND

Table listing far west rand mining companies.

FINANCE, LEAD, etc

Table listing finance, lead, and other related companies.

SURANCE

Table listing insurance companies.

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Building society receipts hit by BP share offer

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

BUILDING SOCIETY receipts fell by over £200m last month, although mortgage finance is expected to remain plentiful for the remainder of the year.

Last month, the societies took in £1,069m, while withdrawals reached £1,269m. At the same time, mortgage advances reached £1,518m, and the societies also promised to lend an additional £667m to house purchasers. At the end of June, the movement was committed to making loans of £1,469m.

The societies' situation is now in stark contrast to the position in which they found themselves at the start of this year. At that time receipts fell to well under £100m, and there were chances of a further increase in the record 12.5 per cent mortgage rate.

In the event, the movement's competitive position improved dramatically, enabling the societies to implement two reductions in interest rates whilst still maintaining a high ratio of funds.

Editorial Comment, Page 20

BUILDING SOCIETIES	
Net Receipts 1977	
	£m.
January	89
February	201
March	102
April	475
May	511
June	304

Gulf and Texaco plan joint refinery unit

BY RAY DAFTER, ENERGY CORRESPONDENT

GULF OIL and Texaco plan to build a \$550m oil refinery unit in South Wales.

The plant, which will be used to convert fuel oil into petrol, will be among the most ambitious projects of its type undertaken in the U.K. oil industry.

It will expand the capability of two separate refineries: Gulf's 5m tonnes a year plant at Milford Haven and Texaco's 9m tonnes a year refinery at Pembroke. The planned 65,000 barrels a day catalytic cracking unit will be jointly owned with British Petroleum.

Gulf said yesterday that the two companies had conditionally agreed to the construction of the cracker in the Pembroke-Milford Haven area. It would be necessary to make appropriate financial arrangements and to obtain assurances that planning consent and regional development grants would be received.

The project is by far the most expensive scheme being planned or implemented within the U.K. oil refinery industry. Cromarty Petroleum's proposed new refinery, storage base and marine terminal at Nigg, Scotland, is not expected to cost more than £200m, to £225m. Occidental's proposed refinery and catalytic cracking unit on Canvey Island could cost a similar amount.

There are now refinery projects worth well over £1bn planned in hand including a £100m cracker unit at Mobil's Coryton refinery and a £70m-£80m cracker unit planned by Total and Petrofina at Lindsey. British Petroleum and Shell are also installing equipment to upgrade oil products.

The oil companies are making this move because they see little growth prospects for heavy fuel oil which has traditionally accounted for much of the British refinery industry's output. They believe that by the early 1980s there will be a need for a substantial increase in capacity for making petrol and chemical feedstocks, although the present demand for these products remains weak.

Government again delays Drax-B go-ahead

BY RICHARD EVANS, LOBBY EDITOR

MAJOR DECISIONS on an order for the £600m Drax-B power station in Yorkshire appear to have been postponed by the Government yet again, following a meeting yesterday of the Cabinet's Energy Committee.

The Committee, under the chairmanship of the Prime Minister, had been expected by MPs with constituency interests in the order to come to a decision. But after the meeting, there was a clampdown of information.

Extensive redundancies are forecast in north-east England if C. A. Parsons do not receive an early order for turbine generators for the power station, which the Central Electricity Generating Board says it does not yet need.

Mr. Callaghan appears to be maintaining his support for Mr. Eric Varley, Industry Secretary, who believes the turbine generator manufacturing industry must be rationalised before the Drax-B order can be placed.

Suspension is growing among north east Labour MPs that the Government is delaying the order to force rationalisation on the industry.

C. A. Parsons, the Tyneside subsidiary of Revell-Parsons, are holding out against a complete take-over by Sir Arnold Weinstock's GEC.

One theory at Westminster last night was that the order may be put out to tender.

U.K. TODAY

GENERALLY dry in W. rain or drizzle in E.

S.E. England, E. Anglia, E. Midlands, Max. 19C (66F).

Cloudy, rain or drizzle, becoming brighter. Wind N. Max. 10C (50F).

Cent. S. and N.W. England, W. Midlands, N. Wales, Lake District, Wind N. Max. 19C (66F).

Cloudy, dry. Wind N. Max. 19C (66F).

Dull, cloudy, rain at first.

BUSINESS CENTRES

City	Mid-day	Y-day
Amsterdam	20 64	19 63
Antwerp	20 64	19 63
Berlin	20 64	19 63
Brussels	20 64	19 63
Frankfurt	20 64	19 63
Geneva	20 64	19 63
Lisbon	20 64	19 63
London	20 64	19 63
Madrid	20 64	19 63
Milan	20 64	19 63
Paris	20 64	19 63
Rome	20 64	19 63
Stockholm	20 64	19 63
Zurich	20 64	19 63

HOLIDAY RESORTS

City	Mid-day	Y-day
Algeria	20 64	19 63
Barcelona	20 64	19 63
Blackpool	20 64	19 63
Bournemouth	20 64	19 63
Brighton	20 64	19 63
Bristol	20 64	19 63
Cardiff	20 64	19 63
Edinburgh	20 64	19 63
Exeter	20 64	19 63
Gloucester	20 64	19 63
London	20 64	19 63
Liverpool	20 64	19 63
Manchester	20 64	19 63
Nottingham	20 64	19 63
Sheffield	20 64	19 63
Southampton	20 64	19 63
Wolverhampton	20 64	19 63

RTZ executives may be offered immunity

BY JUREK MARTIN, U.S. EDITOR

SENIOR executives of Rio Tinto Zinc may be offered immunity from criminal prosecution in the U.S. if they agree to testify in the uranium cartel case.

Whether or not this offer is made rests in the hands of Judge Robert Mehring, of the Federal District Court in Richmond, Virginia, under whose jurisdiction the case falls.

The judge's clerk declined to speculate this morning on what his decision would be.

It was Judge Mehring who held almost unprecedented hearings in London last month during which Sir Mark Turner, chairman, Lord Shackleton of Burley, and five other senior RTZ executives "took the Fifth Amendment."

These hearings were made possible by a ruling by the British Court of Appeal, under the Fifth Amendment, a well-known device in court cases, an individual may decline to testify on the grounds that he may incriminate himself.

As a result, Judge Mehring was obliged to leave London without having gleaned information that might have been valuable in the case he is hearing — brought by several utility companies against Westinghouse Corporation for allegedly having granted or immunity under the terms of the omnibus Crime Control and Safe Streets Act.

The purpose of a grant of immunity under this statute, a Justice Department spokesman said this morning, is to remove entirely the need for, or make it more difficult for, someone to plead the Fifth Amendment.

However, in the last analysis, it does not prevent someone from continuing to plead the Fifth.

In spite of the Justice Department initiative, however, final rests with Judge Mehring.

It has been suggested that at an earlier stage, the judge had considered the immunity route, but had rejected that for the time being.

An adjudication from him could come as early as next week.

Opposition to Saudi plan for oil price freeze

BY RICHARD JOHNS, MIDDLE EAST EDITOR

SEVERAL OIL producers threatened to oppose Saudi Arabia's plan for a freeze in the oil price next year. As the Ministerial conference of the Organisation of Petroleum Exporting Countries ended here today.

Mr. Izzedin Mabrouk, Libyan Minister of Oil, indicated his country would be looking for a rise of 10 per cent from the beginning of 1978.

He warned there would be a "repeat of Doha unless the Saudis changed their attitude, referring to last December's bitter meeting which resulted in the six-month price split.

The pre-conference agreement of Saudi Arabia and the United Arab Emirates to realign their prices with the majority at 20 per cent above the 1976 level may have brought only a short-term truce—although a general consensus exists that OPEC should not be divided again on this issue.

Apparently anxious not to upset the restored unity and also aware of Iranian reservations about the ability of the market to support another increment so soon, delegates from the other traditionally militant members were less outspoken than Mr. Mabrouk.

But Iraq and Algeria said some upward adjustment would be necessary to take account of inflation.

To-night, Dr. Jamshid Amouzegar, chief Iranian delegate, said that no possibility, including a price freeze, could be ruled out at the next OPEC conference in Iran would "go along with the others."

Commenting on the results of Saudi Arabia's unsuccessful campaign to force other producers' prices down in the first half of the year, Sheikh Ahmed Zaki Yamani said the Kingdom had taught members that it could not be taken for granted.

The Saudi Oil Minister revealed his Government was not lowering the ceiling on its output from the fields of the Arabian American oil company (ARAMCO) 10m barrels a day to which it was raised at the beginning of this year.

In practice, however, he believed that production would not exceed 8.5m barrels a day in the first 24-25 days of June. Saudi oil at its old premium price was being produced at slightly more than 9m b/d, Sheikh Yamani said.

Unresolved at the end of this conference was the question of the disparities in the prices of the heavier rival crudes. Once again, OPEC has left it to the producers most immediately involved — Saudi Arabia, Iran, Kuwait, Iraq and Venezuela—to settle differentials for the next six months on an ad hoc basis.

Particularly hard hit because of the relatively high price of its oil is Kuwait (with none of the lighter varieties to offer) whose production has slumped to 1.4-1.5m b/d — barely enough to produce the desalinated water and electricity required by the state.

Saudi Arabia remains adamant that Iran and Kuwait should bring down the prices of their heavy crudes to its own level.

To-night, Dr. Amouzegar suggested the problem might be overcome by natural commercial forces of the market.

Hattersley calls for moderation on wages

By Elinor Goodman, Consumer Affairs Correspondent

MR. ROY HATTERSLEY, the Prices Secretary and a key Minister in the Government's negotiations with the TUC, appealed yesterday for moderation in wage demands while effectively conceding that there was little chance of another round of voluntary wage restraint.

He would be disappointed if agreement was not reached, but if not the same overall effect could be obtained by a common sense of the union members and the undoubted responsibility of those who lead them.

He had no doubt that those who would be responsible for settlements would recognise what part their new agreements played in success on prices. Without that success money wages, no matter how high, would produce only "spurious advantages."

Mr. Hattersley, at a food industry conference in London, held out the prospect of controlling inflation as nearer than ever before.

"We can grasp it, or by losing our nerve and changing our policies when success is so near we can destroy the union which has been built up since 1975," he said.

One element in these policies was a pattern of wage negotiations consistent with the economic position, settlements which neither caused inflation at home nor caused inflation abroad, or competitors and creditors.

A third wage round, looser but not in every way dissimilar to that of 1975-76, was the most effective way of ensuring the standard of living of working people was preserved.

Mr. Hattersley reassured the food industry that it would not be selected for special scrutiny under the new price investigations.

Canadian bid starts battle for Dolan

BY MARGARET REID

A TAKE-OVER battle between two overseas rivals for Dolan Packaging broke out unexpectedly last night when Canadian Overseas Packaging Industries bid £15.8m, topping an existing £14.5m offer from the State-owned Swedish group ASSI, which has the backing of the Dolan Board.

The future ownership of Dolan, one of the few remaining independent corrugated case manufacturers, was thrown into new doubt by yesterday's developments after it had previously appeared that victory was assured for the ASSI bid.

The new uncertainty arose, and the way was paved for the Canadian offer, when Hambros Bank, ASSI's advisers, made it clear that a 9.26 per cent stake in Dolan held by one of its subsidiaries was not committed to the bid.

This statement was made at the request of the Bank of England and the City Take-over Panel. It followed an announcement some days ago that the holdings in Dolan by the ASSI group and the Hambros group, together with irrevocable acceptances of the Swedish group's bid, totalled 80.1 per cent of Dolan, just a majority.

Last night County Bank, Dolan's advisers, said that it and the Board had not yet had a chance to consider together the two conflicting offers, both in cash, of 168p a share for ASSI. Tonight, Dr. Amouzegar said, and 198p from Canadian Overseas Packaging.

The matter would be reviewed as soon as possible and shareholders would be further advised. Yesterday Dolan shares were up 16p to 184p when the share quotation was temporarily suspended, pending announcement of the new developments.

Slow progress in Leyland talks on pay parity deal

BY OUR OWN CORRESPONDENT

PROGRESS by Leyland Cars Board and the Department of Industry towards the fundamental reform of industrial relations demanded by the Government has been mixed.

The unions have already committed themselves in principle to the phased introduction of love bargaining reforms outlined in the original Ryder rescue programme, but there is a wide area for disagreement about the terms on which concessions should be made.

A contentious issue for the working party is the extent to which employees should move away from the traditional plant love bargaining towards company-wide wage agreements.

While advocating parity of pay between plants, shop stewards are divided about the mechanism to achieve it.

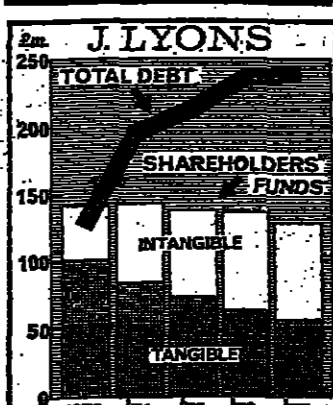
THE LEX COLUMN

The lager gap at S & N Breweries

The City is facing up to the apparent breakdown of the Government's pay strategy with increasing confidence. The fear had been that too much would be given to the unions in terms of price controls and tax hand-outs in exchange for a leaky deal. But now that the possibility of any kind of workable deal seems to be disappearing, the view is that the Government will have to rely on tight monetary policy and rigid cash limits in the public sector.

That would go down well in the stock market—and it will be some months before the Government's resolve is really tested in the pay arena.

Index rose 3.6 to 449.9



Scottish & Newcastle

The stock market is betting that the brewers will accept a six month "voluntary" price freeze when the Price Commission produces its report on the industry around the end of this month. This may be near the mark, judging by the way that price increases are now being hurried through. But Scottish and Newcastle, which produced its preliminary results yesterday, says that arms will have to be twisted very hard if such a freeze is to be accepted. It points to a substantial increase in planned capital spending this year—£40m, against £24m in 1976-77 and £12m a year earlier—as a reason for permitting the group to strengthen its cash resources.

The spending certainly seems to be necessary. In the 1960s and early 1970s, S & N expanded rapidly on the back of increasing sales to the free trade and the swing to keg beer. But it fell behind the competition in developing lager, which has become the main growth story in recent years. And shortcomings have developed in its production and packaging arrangements.

The result is that its sales volume fell marginally during the year ending in May, in contrast with an overall rise of about 1 per cent for the industry. And its profits rose by only just over a tenth in the second half of the year, roughly half the average gain shown by the competitors in the same period.

Profits for the year are up from £30.9m, to £35.1m, a performance which had been well discounted in the market.

S & N is now spending heavily on new lager capacity, and although it intends to remain within the Harp consortium its own brand will be coming South of the Border

J. Lyons

Despite its programme of retrenchment, J. Lyons end 1976-77 with a marginally big debt of £255m, reflecting a weakness of sterling. Still, sounding the message loud and clear that trading profits—£38m—last year, on sales of £765m—should stage a comeback this time on the projected turnover of £1b.

In the U.K. the cake and operations are performing well. There are good prospects in the Continental meat business, expected to stage a round, albeit on a small scale. But the group is exposed to some risks, notably the tea and coffee markets where falling commodity prices would bring well-needed relief on the working capital front but could also test the group's judgment if it is to stock losses.

Further, disposal will be limited to "peripheral" assets, so Lyons will have to struggle with its debt for some time yet. Although it has improved its current matching, it is taking the caution of seeking a change in the Articles to give the degree of flexibility on buying limits as is incorporated in its loan instruments.

H. P. Bulmer

The market might have been disappointed at Bulmer only just achieving—at £3.99m—its promised 50 per cent pre-tax profits improvement (the second half was up less than a tenth). But the results statement incorporates a surprise package. The group is changing to a new holding company structure via a route which gives it dividend freedom for two years and allows the prospective yield to be bumped up from 2.3 to effectively 6.8 per cent. The news sent the shares 10p higher to 175p.

Although the dividend manoeuvre catches the eye, Bulmer would scarcely have gone to such lengths for this reason alone. The dividend cophols now have a strictly limited life expectancy. The S & N is now spending heavily on new lager capacity, and although it intends to remain within the Harp consortium its own brand will be coming South of the Border

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